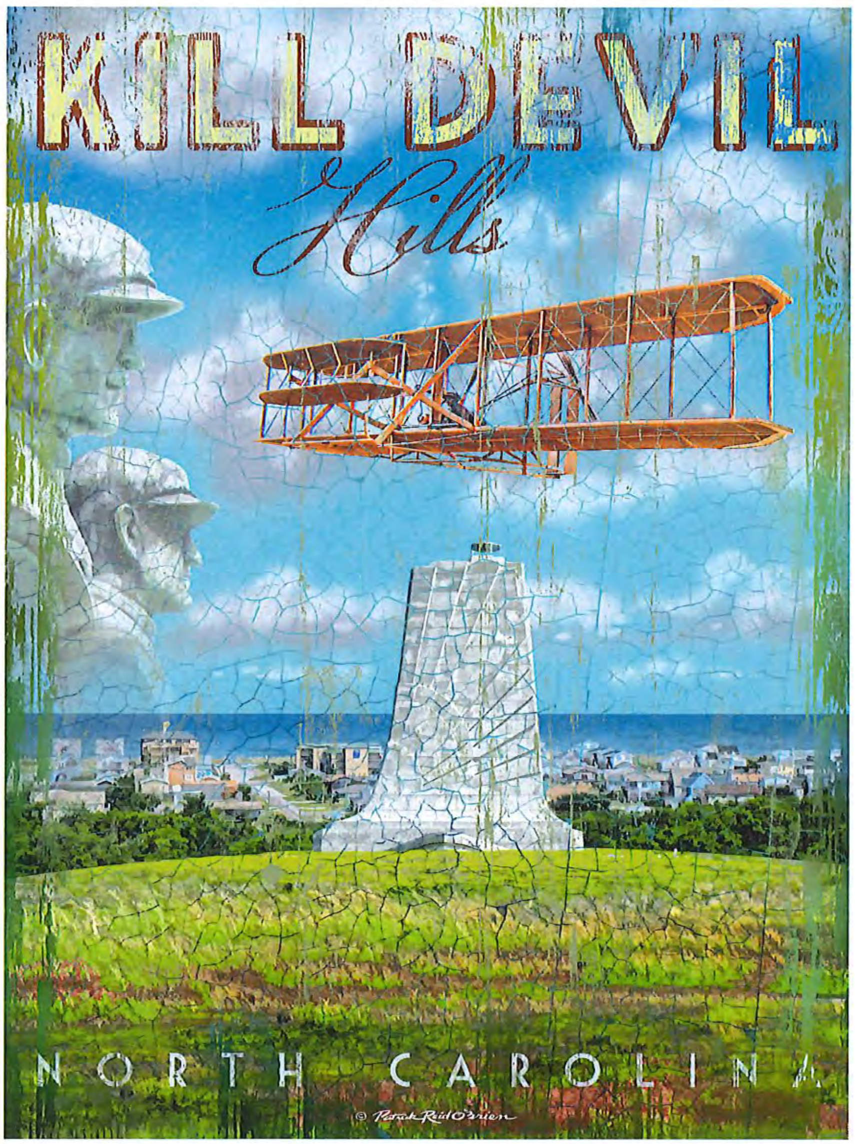
Annual Comprehensive Financial Report

Year Ending June 30, 2021



Town of Kill Devil Hills

North Carolina

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2021

Prepared by the Town of Kill Devil Hills Finance Department
Beverly B. Kissinger, Finance Director
Angell W. Doughtie, Assistant Finance Director

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

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Mayor
BENJAMIN A. SPROUL
Mayor Pro Tem
IVY RAY INGRAM
Commissioners
TERRY L. GRAY
BERNARD B. MCAVOY, JR.
JOHN L. WINDLEY

Town Manager
DEBORA P. DIAZ

Assistant Town Manager
CHARLENE S. ALLEN

Town Clerk
MARY E. QUIDLEY, CMC/AAE

The Town of
KILL DEVIL HILLS
NORTH CAROLINA

November 15, 2021

To the Honorable Mayor, Board of Commissioners,
And Citizens of the Town of Kill Devil Hills:

The Local Government Commission of the North Carolina State Treasurer's Office requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principals (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Kill Devil Hills for the fiscal year ended June 30, 2021.

The report consists of management's representations concerning the finances of the Town of Kill Devil Hills. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Kill Devil Hills has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Kill Devil Hills' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Kill Devil Hills' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements contained herein have been audited by Potter & Company, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Kill Devil Hills for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified, "clean" opinion that the Town of Kill Devil Hills' financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Kill Devil Hills' MD&A can be found immediately following the report of the independent auditors.

102 Town Hall Drive • P.O. Box 1719 • Kill Devil Hills, NC 27948 • (252) 480-5300

TOWN OF KILL DEVIL HILLS

Profile of the Town

The Town of Kill Devil Hills is located in Dare County on Bodie Island on the coast of eastern North Carolina. This area is approximately 200 miles east of Raleigh, the State capital, and 90 miles south of Virginia Beach and Norfolk, Virginia, a metropolitan area. The county is named in honor of Virginia Dare, the first-born child of English parents in America. This area contains much of what are known as North Carolina's "Outer Banks" resort and vacation areas and is host to such attractions as the Cape Hatteras National Seashore and the North Carolina Aquarium. Kill Devil Hills is proud to have included among its distinguishing features the Wright Brothers Memorial National Park commemorating man's first flight.

Kill Devil Hills received its municipal charter from the North Carolina General Assembly on March 6, 1953. The Town operates under the commissioner-manager form of government. Policy making authority is vested in the governing Board of Commissioners consisting of a mayor and four commissioners, including the mayor pro tem who is appointed by the governing board. The governing board is responsible for, among other things, establishing policy, passing ordinances, adopting the budget, appointing committees and appointing the Town's manager and attorney. The manager is responsible for carrying out the policies and ordinances of the governing board and for overseeing the day-to-day operations of the Town. Board members, including the mayor pro tem, are elected to four-year staggered terms and the mayor is elected for a two-year term, all on a non-partisan basis.

The Town provides a full range of services. These services include planning and inspections, police, animal control, fire and beach rescue protection, sanitation, and the construction and maintenance of streets and infrastructure. In addition to general government activities, the Town provides water and wastewater services.

The Board is required to hold at least one public hearing on the proposed budget and must adopt a final budget by no later than June 30, the close of the fiscal year. This annual budget serves as the foundation for the Town of Kill Devil Hills financial planning and control. An annual budget is adopted for the General and Enterprise Funds. Multi-year project budgets are adopted for all Capital Project Funds. Appropriations in the General and Enterprise Funds are made at the department level and at the project level for all Capital Project Funds. The Town Manager may transfer resources within a department as she sees fit. Transfers between departments, however, need special approval from the Board.

Local Economy. The Town's economy is based on travel, tourism and related service industries and is directly tied to national and local economies especially those in the mid-Atlantic region. Revenues continue to remain strong even during the lingering months of the COVID-19 pandemic. Kill Devil Hills remains one of the most desirable destinations in the country. The result is that tourists and vacationers not only come to our area during the busy summer season, but are also visiting the Outer Banks during the non-peak months. The longer tourist season has extended and increased rental income and other economic benefits to local businesses. The Town's travel and tourism industry not only encompasses those revenues that have a direct relationship, such as sales and occupancy taxes, but also revenues related to property transactions and construction, such as land transfer tax, as the majority of those activities come from non-residents and residential construction for rental purposes. This steady stream of income has helped to maintain a healthy balance in the tax base that has enabled the Town to keep property tax rates at moderate levels while providing the infrastructure and high level of services demanded by citizens. In planning for the future, the Town continues to maintain a high priority on both the delivery of quality services and financial stability.

Long-term financial planning and major initiatives. Funding the Capital Reserve fund for Streets in the amount $1,051,630, Capital Reserve for Sidewalks in the amount $192,262, and Powell Bill in the amount $218,000 in the FY 2022 budget will provide funds for the annual street projects. Maintenance and repair of existing sidewalks will receive $30,000 and $90,000 is budgeted for general maintenance and repairs to streets. Meekins Field recreation park improvements will include a new playground and splash pad, a multi-use field, an open-air pavilion, and a mechanical building with restroom facilities. The Public Works Complex master plan final phase construction was completed and is fully operational. Direct borrowing installment financing will include purchase of five police vehicles, backhoe, a dump truck, two residential and one commercial garbage truck.

In fiscal year 2012, a ten year Water System Master Plan update considered more than $9 million in infrastructural improvements, replacements, and upgrades. A town-wide replacement of water meters has improved the amount of water consumption recorded and billed to our customers. This program has enabled Town staff to detect and notify customers of leaks on a monthly basis, which has proven to save on costly consumer bills. The Capital Reserve Fund for Water and Wastewater System Development fees will account for system development fee proceeds in order to provide funds for capital projects related to the Water System. System development fees are expected to pay for $342,750 in water system expansion and replacements. Various other water line and system maintenance is funded on a pay as you go basis form of operations.

Operation and maintenance of the wastewater collections system for the Southern Sanitary District (Ocean Acres) as well as the disposal of the effluent continues to be a contracted service. The results and implementation of a rate and CIP study has allowed for sustained reliable operations and fund needed capital improvements. System development fees will aid in the repayment of a long-term loan issued by the Water Fund.

A collaborative effort and cost-sharing plan was developed with other municipalities as well as Dare County for costs associated with a beach nourishment project. The initial project in Kill Devil Hills began in the summer of 2017 and nourished approximately 2.6 miles of northern Kill Devil Hills' beaches. The cost incurred totaled $8,807,166. Funding for portion of the project came from a combination of a $3,563,772 grant paid by Dare County, $206,703 from Town Capital Reserve Funds and the remaining $5,036,691 from a special obligation bond, with mainly tourism driven revenues being pledged as collateral. A Municipal Service District was created to include those properties that receive a direct benefit from the beach nourishment project with MSD tax assessment sufficient to cover approximately one-half of the annual debt payment. The remaining portion of annual debt service is funded by the town-wide ad valorem tax. The final payment of the five-year amortization of the special obligation bond will occur in December 2022. A beach maintenance plan will continue to measure the beach profile in order to establish future re-nourishment needs. Construction bids were opened August 31, 2021 for a 2022 re-nourishment project. Grant funding from FEMA and NCDEQ will provide more that 78% of the total projected cost of $6,460,706. Other sources of funds include Dare County, $691,137, and a proposed special obligation bond to the Town, $680,479. The special obligation bond will be amortized over the 5 years and will be secured by sales tax revenues.

TOWN OF KILL DEVIL HILLS

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Kill Devil Hills for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Kill Devil Hills has received a Certificate of Achievement for the last thirty-three consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

We wish to express our appreciation to each member of the Finance Department who has assisted in the preparation of this report. We also thank the Mayor and the Board of Commissioners for their continued support for maintaining the highest standards of professionalism in the management of the Town of Kill Devil Hills' finances.

Respectfully submitted,

Debora P. Diaz
Town Manager

Beverly B. Kissinger, CPA
Director of Tax and Finance

Land Where Flight Began

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2021

Elected Officials

Mayor	Benjamin A. Sproul
Mayor Pro Tempore	Ivy Ray Ingram
Commissioner	Terry L. Gray
Commissioner	Bernard B. McAvoy Jr.
Commissioner	John L. Windley

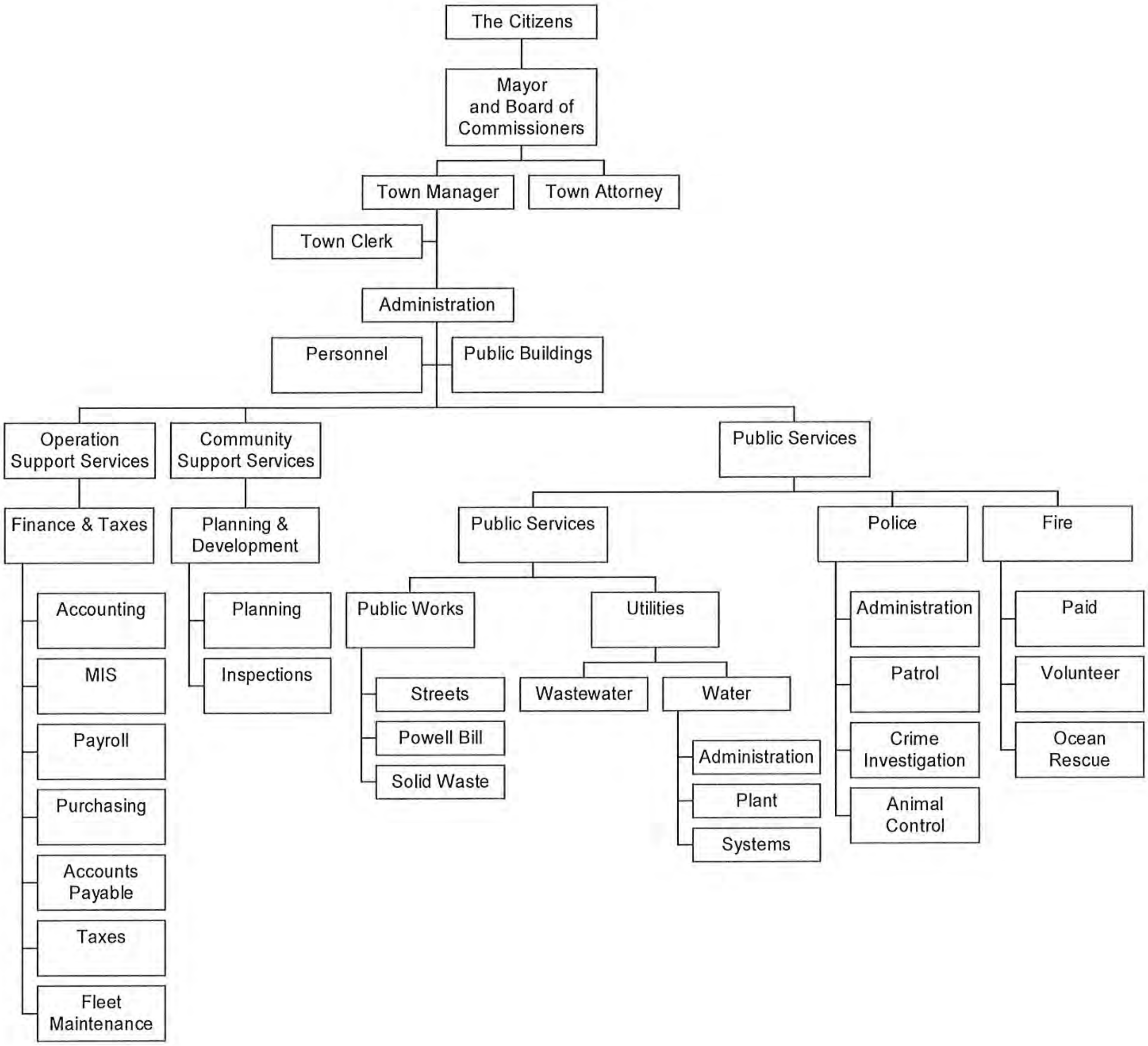
Appointed

Town Attorney	Casey C. Varnell
Town Manager	Debora P. Diaz

Town Administration

Town Clerk	Mary E. Quidley
Assistant Town Manager	Charlene S. Allen
Finance Director	Beverly B. Kissinger
Planning Director	Meredith B. Guns
Public Services Director	Stephen F. Albright
Fire Chief	Troy N. Tilley
Police Chief	Gary L. Britt

Town of Kill Devil Hills, North Carolina
ORGANIZATIONAL CHART
June 30, 2021



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Kill Devil Hills
North Carolina

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

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POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the Town Council
Town of Kill Devil Hills, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Kill Devil Hills, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

106 Welton Way • Mooresville, NC 28117 • 704.662.3146 • 704.662.8435 fax • www.gotopotter.com

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kill Devil Hills, North Carolina, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-17, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 80-83, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as Percentage of Covered Payroll on pages 84-87, and the Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and related Ratios on page 88, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kill Devil Hills, North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S Code of Federal regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of other auditors the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021 on our consideration of the Town of Kill Devil Hills's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kill Devil Hills's internal control over financial reporting and compliance.

Potter and Company, P.A.

Mooresville, North Carolina
November 15, 2021

As management of the Town of Kill Devil Hills, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Kill Devil Hills for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages v – viii of this report.

Financial Highlights

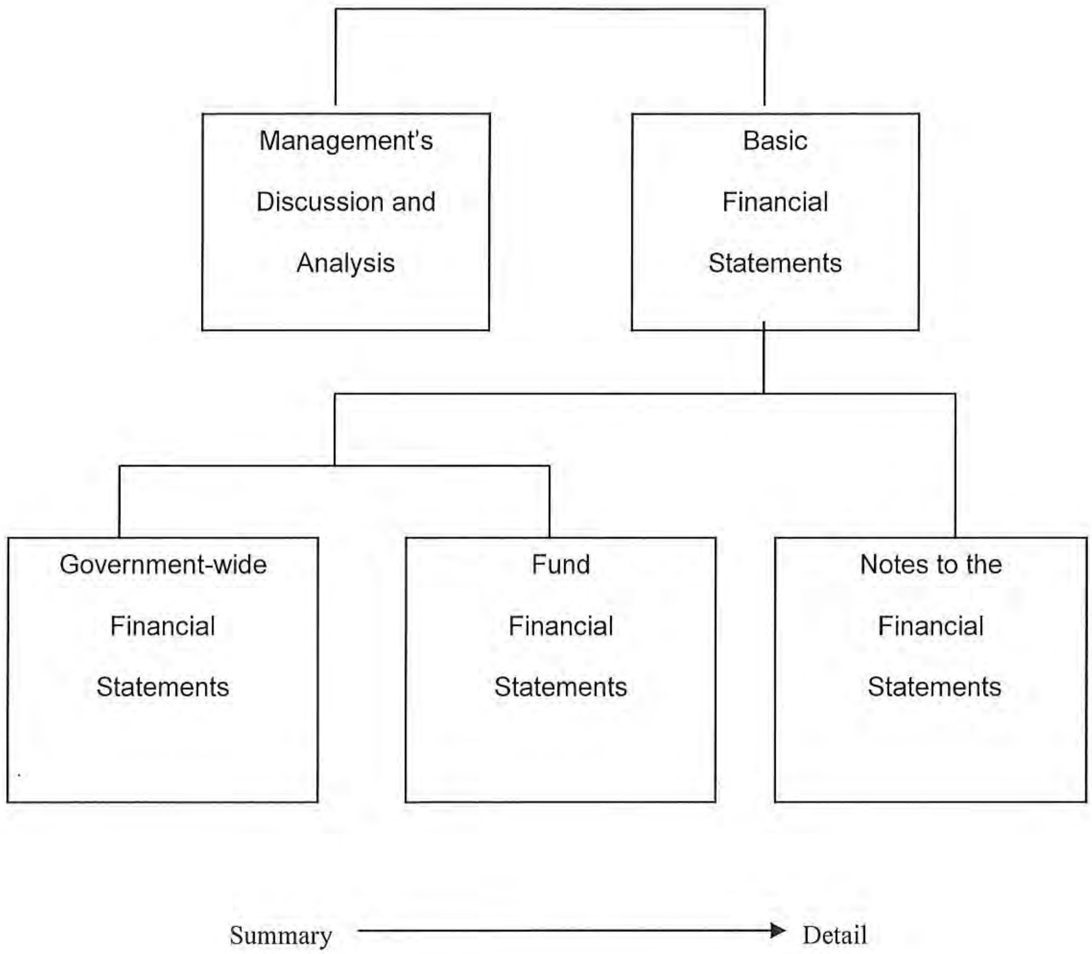
- The assets and deferred outflows of the Town of Kill Devil Hills exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $59,618,282 (*net position*). Of this amount, $11,432,607 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by $3,995,221 primarily because revenues exceeded expenses in governmental type activities.
- As of the close of the current fiscal year, the Town of Kill Devil Hills governmental funds reported combined ending fund balances of $22,929,392, an increase of $1,771,937 over the prior year. The increase resulted from:
    - General Fund increase of $2,224,779 primarily from increased tourism and realty related revenue and delayed expenditures.
    - A net decrease of $452,842 in non-major governmental funds primarily from expenditures in the Public Works Capital Project Fund
- After restrictions and assignments, approximately 58.41% of the total fund balances or $13,393,221 is available for spending at the government's discretion (unassigned fund balance.)
- At the end of the current fiscal year, unassigned fund balance for the *General* Fund was $13,393,221 or 66.00% of total general fund expenditures for the fiscal year.
- The Town of Kill Devil Hills' total debt for direct borrowing installment notes, and direct placement debt decreased by $2,147,927. Principal payments for the fiscal year were $2,653,540. New debt issuances consisted of a direct placement installment financing of $505,613.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Kill Devil Hills' basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Kill Devil Hills.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements and 4) the fiduciary fund statements.

The last section of the basic financial statements are the **Notes to the Financial Statements**. The notes to the financial statements explain in detail some of the data contained in the statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by North Carolina General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances and are similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how they have changed during the most recent year. Net Position is the difference between the Town's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, environmental protection and general administration. Property taxes, intergovernmental revenues (governmental activities) and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and wastewater services offered by the Town of Kill Devil Hills.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Kill Devil Hills, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Town's Budget Ordinance. All of the funds of the Town of Kill Devil Hills can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the *modified accrual accounting method,* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Kill Devil Hills maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered a major fund. Data from the non-major governmental funds are also presented separately.

The Town of Kill Devil Hills adopts an annual budget for its General Fund, as required by North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the Budget Ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations and ending balances in the General Fund and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement. The basic governmental fund financial statements can be found on pages 24-29 of this report.

Proprietary Fund. The Town of Kill Devil Hills has one type of proprietary fund, *Enterprise Funds,* which are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Kill Devil Hills uses enterprise funds to account for its water and wastewater activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Proprietary fund financial statements can be found on pages 30-34 of this report.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The Town has two fiduciary funds, one of which is an OPEB trust fund for reporting purposes and the other is a custodial fund, the Firemen's Relief Fund. The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-78 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Kill Devil Hills' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 80-88 of this report.

Interdependence with Other Entities. The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Kill Devil Hills Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 24,128,783	$ 22,046,835	$ 9,984,678	$ 9,475,606	$ 34,113,461	$ 31,522,441
Capital assets	33,173,648	33,228,469	15,541,397	14,622,021	48,715,045	47,850,490
Total assets	57,302,431	55,275,304	25,526,075	24,097,627	82,828,506	79,372,931
Deferred outflows of resources	3,434,715	3,014,763	388,019	370,947	3,822,734	3,385,710
Long-term liabilities outstanding	19,398,570	20,142,358	1,622,640	1,496,045	21,021,210	21,638,403
Other liabilities	4,241,686	4,076,306	1,287,085	999,206	5,528,771	5,075,512
Total liabilities	23,640,256	24,218,664	2,909,725	2,495,251	26,549,981	26,713,915
Deferred inflows of resources	447,158	381,558	35,819	40,107	482,977	421,665
Net position:						
Net investment in capital assets	26,206,869	24,985,284	15,516,079	14,593,891	41,722,948	39,579,175
Restricted	6,462,727	6,277,666	-	-	6,462,727	6,277,666
Unrestricted	3,980,136	2,426,895	7,452,471	7,339,325	11,432,607	9,766,220
Total net position	$ 36,649,732	$ 33,689,845	$ 22,968,550	$ 21,933,216	$ 59,618,282	$ 55,623,061

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Kill Devil Hills exceeded liabilities and deferred inflows by \$59,618,282 as of June 30, 2021. The Town's net position increased by \$3,995,221 for the fiscal year ended June 30, 2021.

The larger portion of net position \$41,722,948 (69.98%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery and equipment). The Town of Kill Devil Hills uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Kill Devil Hills net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Town of Kill Devil Hills' net position, $6,462,727 (10.84%), represents resources that are subject to external restrictions on how they may be used. The remaining portion, which is the remaining balance of $11,432,606 (19.18%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

As of June 30, 2021, the Town of Kill Devil Hills is able to report positive balances in all three categories of net position, for the government as a whole, as well its governmental activities and net effect of its business-type activities. The same situation held true for the prior fiscal year.

Town of Kill Devil Hills Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Revenues:						
Program revenues:						
Charges for Services	$ 556,719	$ 455,511	$ 5,166,372	$ 4,903,060	$ 5,723,091	$ 5,358,571
Operating grants and contributions	114,629	62,841	6,369	-	120,998	62,841
Capital grants and contributions	771,674	467,571	319,819	-	1,091,493	467,571
General revenues:						
Property taxes	10,029,663	9,372,751	-	-	10,029,663	9,372,751
Other taxes	9,488,941	6,230,872	-	-	9,488,941	6,230,872
Other	1,380,488	1,760,840	(29,737)	182,118	1,350,751	1,942,958
Total Revenues	22,342,114	18,350,386	5,462,823	5,085,178	27,804,937	23,435,564
Expenses:						
General government	7,182,255	7,483,506	-	-	7,182,255	7,483,506
Public safety	7,043,759	6,398,627	-	-	7,043,759	6,398,627
Transportation	1,735,100	1,594,774	-	-	1,735,100	1,594,774
Environmental protection	2,738,733	2,438,992	-	-	2,738,733	2,438,992
Public works	407,423	360,238	-	-	407,423	360,238
Interest on long-term debt	274,957	315,068	-	-	274,957	315,068
Water	-	-	4,156,206	3,632,777	4,156,206	3,632,777
Wastewater	-	-	271,283	267,655	271,283	267,655
Total Expenses	19,382,227	18,591,205	4,427,489	3,900,432	23,809,716	22,491,637
Increase (decrease) in net position	2,959,887	(240,819)	1,035,334	1,184,746	3,995,221	943,927
Net position, July 1	33,689,845	34,740,206	21,933,216	20,873,137	55,623,061	55,613,343
Restatement	-	(809,542)	-	(124,667)	-	(934,209)
Net position, July 1 (as restated)	33,689,845	33,930,664	21,933,216	20,748,470	55,623,061	54,679,134
Net position, June 30	$ 36,649,732	$ 33,689,845	$ 22,968,550	$ 21,933,216	$ 59,618,282	$ 55,623,061

Governmental activities. Governmental activities increased the Town's net position by $2,959,887.

Key highlights of the changes were:

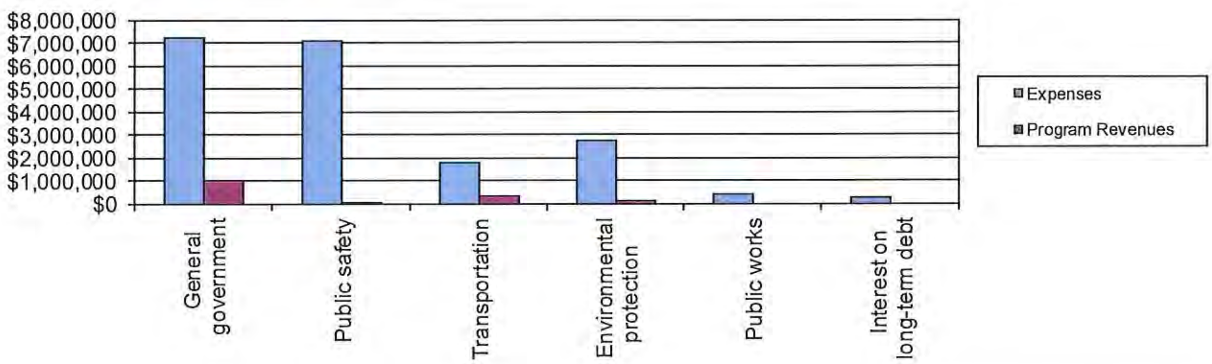
Revenues:

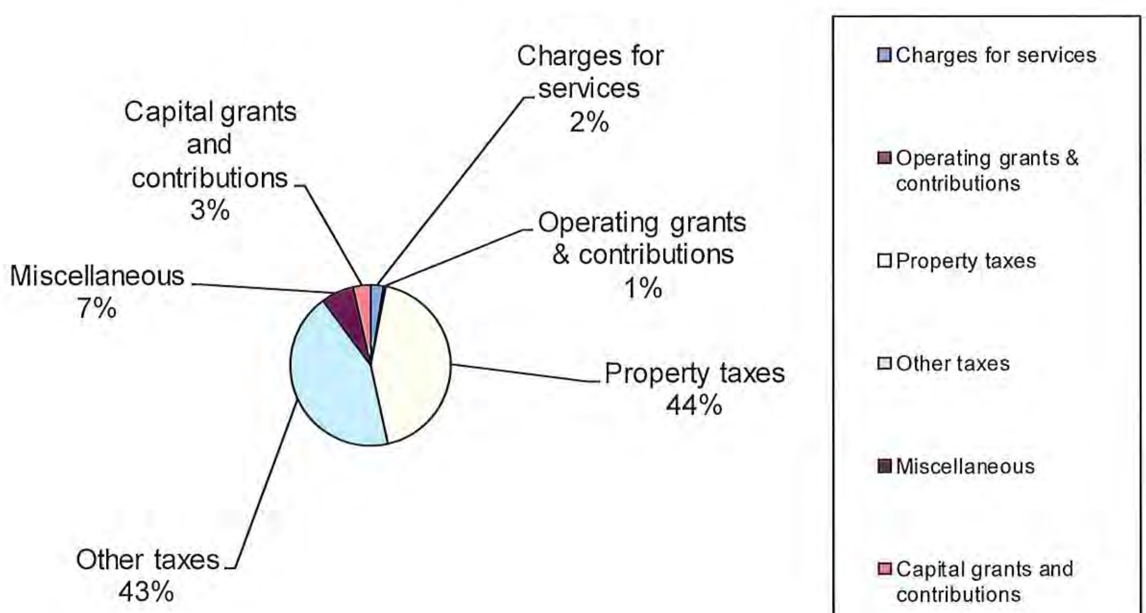
- Increased revenues from occupancy tax $1,488,023 (54.29%), sales taxes $850,886 (30.78%), and realty tax $919,136 (127.72%), as a result of a strong tourism economy despite the effects of COVID-19.
- An increase of $672,056 or 7.22% in property taxes due to property revaluation and an increased collection rate.

Expenses:

- Management's proactive stance and emphasis on monitoring spending to ensure budget compliance.

Expense and Program Revenues - Governmental Activities



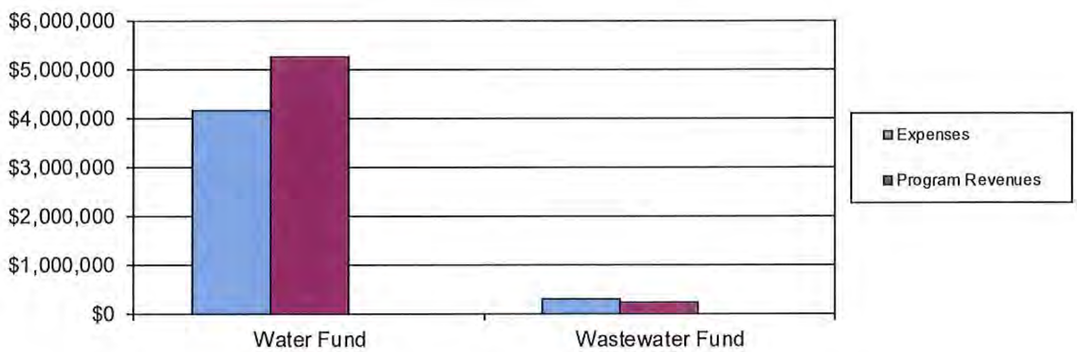


Business-type activities. The Town of Kill Devil Hills' net position for Business-type activities increased by $1,035,334.

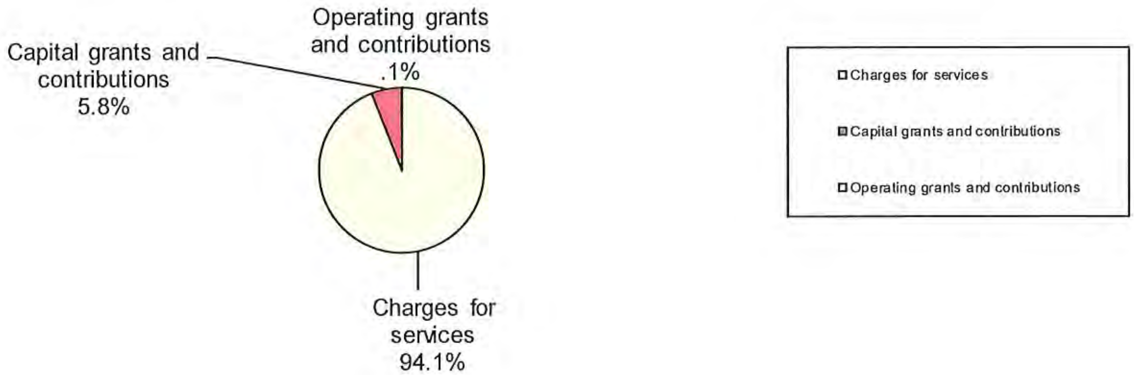
Key highlights of the effects of business type activities on the change in net position include:

- System development fees totaled $369,800 and $20,681 in the Water Fund and Wastewater Fund respectively
- Operating revenues exceeded operating expenses in the Water Fund resulting in an increase in net position.
- Water rates increased 4%, as well as the fully implemented and functional leak detection program resulting in quick detection of water leaks and improved conservation.
- Increased consumption relative to growth in local tourism industry.

Expense and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



Financial Analysis of the Town's Funds

As noted earlier, the Town of Kill Devil Hills uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town of Kill Devil Hills' governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Town of Kill Devil Hills' financing requirements. Specifically, unassigned fund balance can be a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Kill Devil Hills. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $13,393,221 while total fund balance increased to $21,988,046. The Governing Body of the Town of Kill Devil Hills has determined that the Town should maintain an available fund balance of 35% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 66.00% of total General Fund expenditures, while total fund balance represents 108.35% of that same amount.

At June 30, 2021, the governmental funds of the Town of Kill Devil Hills reported a combined fund balance of $22,929,392 a $1,771,937 (8.38%) increase over last year. The primary reasons are:

- A decrease of $486,963 in the Public Works Final Phase Capital Project Fund due to capital expenditures in the Public Works Final Phase Capital Project Fund.
- The 2017 Beach Nourishment Capital Project Fund balance of $372,071 was closed and funds were transferred to the Beach Nourishment Capital Reserve Fund.
- The 2022 Beach Nourishment Capital Project increased by $406,192 as a net result from grant project funding received during the year in the amount $368,686, Beach Nourishment Capital Reserve funding of $368,217, investment loss of $1,390 and project expenditures of $329,321.
- An increase of $2,224,779 in the General fund balance as result of revenue and other financing sources exceeding expenditures.

Proprietary Funds. The Town of Kill Devil Hills' proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund and Wastewater Fund at the end of the fiscal year amounted to $7,452,471, a $113,146 (1.54 %) increase over last year. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Kill Devil Hills business-type activities.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenditures by $3,908,961. The following are the main components of the increase:

- $ 55,618 DCTB grant funds for 2020-21 Baum St – Centennial Path, Phase II.
- $1,674,810 appropriated FY '20 encumbrances.
- $ 1,713 USDOJ grant funds for bulletproof vests.
- $ 499,717 appropriated funds for 2020-21 street, drainange, and ROW improvement projects.
- $ 104,000 appropriated funds for 2021-22 street improvement engineering costs.
- $ 2,790 appropriated unspent LPDI grant funds received in prior year.
- $ 119,692 appropriated for Moor Shores Estuarine Access.
- $ 61,223 CARES Act funding.
- $ 38,561 appropriated for purchase of roll-out carts and dumpsters for resale.
- $ 5,000 Government Access Channel Grant funds.
- $ 34,313 Governor's Crime Commission grant award for school safety.
- $ 200,000 DCTB grant funds for the Meekins Field Community park project.
- $ 2,500 wellness grant funding.
- $ 5,827 contributions to police department for AEDs and crime prevention.
- $ 505,613 lease payments for vehicles.
- $ 6,500 appropriate funds to upgrade existing solid waste truck.
- $ 24,000 Dare County sandfence grant funds.
- $ 32,100 appropriated funds for new positions.
- $ 50,175 appropriated funds for Hayman Park playground equipment.
- $ 355,490 appropriated funds for Meekins Field redevelopment project.
- $ 26,773 insurance proceeds.
- $ 27,605 appropriated funds for purchase of fuel.
- $ 26,941 PEG channel support funds.
- $ 30,000 appropriated funds for tipping fees.
- $ 18,000 appropriated funds for solid waste vehicle fuel.

The increases were possible because of local grant funding ($279,618), lease purchase financing ($505,613), contributions ($5,827), appropriations for increases in dumpster and roll-out cart sales (38,561), appropriations from the restricted Sidewalks, Streets and Recreation Capital Reserve fund balance ($185,709), appropriations from the water fund ($230,204), appropriations for USDOJ grant funding ($1,713), appropriations for NCDEQ grant funding ($89,769), appropriations for CARES grant funding ($61,223), appropriations for DPS grant funding ($34,313), appropriations for NCLM wellness grant funding (2,500), appropriations for PEG Channel/Government Channel support funding ($31,941), insurance proceeds funding ($26,773), and additional fund balance appropriations ($740,387).

Revenues were $3,757,008 over budget. This is mainly due to increases in collection rate and assessed values for ad valorem taxes, as well as significantly higher collections of sales and use taxes and occupancy taxes due to increased tourism resulting from the COVID-19 pandemic. Expenditures were $2,492,045 under budget mainly due to the delay of expenditures in response to supply-chain issues and rising cost of goods due to the COVID-19 pandemic.

Capital Asset and Debt Administration

Capital assets. The Town of Kill Devil Hills' investment in capital assets for its governmental and business–type activities as of June 30, 2021, total $48,715,045 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, water rights, buildings, plant, improvements, vehicles, furniture, equipment, animals, streets and meters. The total increase for the current fiscal year was 1.81% (0.16% decrease for governmental activities and 6.29% increase for business-type activities).

Major capital asset transactions during the year include the following:

- Activity for construction in progress for Governmental activities includes $15,940 for Moor Shores Estuarine Access, $151,501 for Meekins Field Park Development design and engineering, $981,755 for FY 20-21 fall streets projects construction, $337,937 for FY 2022 beach re-nourishment design project, $83,683 for West Third Street engineering and design, $272,080 for FY 20-21 Fall/Spring streets project construction, and $41,439 for FY 20-21 fall/spring sidewalk construction project. Business activities include $9,985 for rehabilitation of the 8th Street 200K tank, $1,018 for water master plan, $82,414 for waterline improvements, and $14,695 for West Third Street water main improvements.
- Building additions in governmental funds include improvements to the fire station for $6,085 and $487,040 to complete the public works complex. Building decreases include the retirement of two heating systems for $16,686. These had a book value of $15,766 resulting in a loss of $922.
- Other improvements in governmental activities include $34,022 for completion of the monopole. Other improvements in business activities include $15,744 for waterline adjustments and $332,518 for completion of waterline projects started in FY 2020.
- Equipment for governmental activities included a tire machine for $6,199, a John Deere compact tractor for $65,225, and a pressure washer for $7,195. Equipment for business type activities included $19,655 for a PWM100 mixer at the Eighth St water tank, $21,054 for rehabilitation of the single chlorination system, $79,787 for replacement of the pump and motor at the Eighth St water pump, and $40,422 for replacement of 3 pump station motors. All equipment sold for both governmental and business type activities was fully depreciated resulting in no net change to capital assets.
- Vehicles purchased for Governmental activities include five Chevrolet Tahoes for $292,234, a Chevrolet Silverado for $37,675, a Dodge Ram 2500 for $53,769, a Ford F-350 for $44,505, two Labrie Automizers for $553,078, a Labrie Sprinter for $278,714, a Peterbilt Grappler truck for $166,027, and dump body for a garbage truck for $6,273. Business activities include one Dodge Ram 1500 pickup truck for $23,195.
- Vehicles sold for Governmental activities included a Crown Victoria Police Interceptor, Ford Explorer, Dodge Durango, four garbage trucks, a Dodge Ram 2500, and a Freightliner. Business activity sales included a Ford Expedition. All vehicles sold were fully depreciated resulting in no net change to capital assets.
- Street projects included $109,045 for Centennial Path sidewalk construction and $56,791 for completion of E Helga, E 4th St, Briggs St, Fox St, and Hillside St projects.
- Business type activities in plant included $211,048 for rehabilitation of the Old Town Hall ground storage tank, $54,450 for repairs to the exterior of the plant and office building, and $717,743 to complete construction of the new water tank. The Colington Booster station was retired resulting in a loss of $34,035.
- Office furniture and equipment included SCADA system upgrades of $26,143 and $17,488 for Beacon reading software for business activities. A fully depreciated plasma monitor was retired from governmental activities resulting in no net change to capital assets.

- In Governmental activities, $4,087,520 from fiscal year 2020 construction in progress projects were closed and transferred. $3,543,375 was transferred into Buildings for completion of the public works complex final phase. $474,236 was transferred into other improvements for completion of the monopole communications tower. $69,909 was transferred into Streets for completion of FY 20-21 fall and spring streets engineering and design projects and the completion of phase II of the Centennial Path construction. In Business-type activities, $3,040,799 was completed and transferred. $2,791,462 was transferred to plant for completion of the elevated storage tank, $238,060 was transferred to other improvements for improvements to the Colington Rd water main and $11,277 was transferred to other improvements for waterline adjustments.

Town of Kill Devil Hills Capital Assets (net of depreciation)
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 2,964,521	$ 2,964,521	$ 224,814	$ 224,814	$ 3,189,335	$ 3,189,335
Construction in progress	1,884,335	4,097,836	108,112	3,040,799	1,992,447	7,138,635
Plant	-	-	5,125,898	1,449,068	5,125,898	1,449,068
Water rights	-	-	804,151	894,417	804,151	894,417
Building	10,346,701	6,584,693	20,810	22,246	10,367,511	6,606,939
Other improvements	6,016,652	7,556,339	7,966,194	7,776,251	13,982,846	15,332,590
Equipment	353,189	437,989	190,993	70,359	544,182	508,348
Vehicles	3,003,282	2,588,758	53,078	63,541	3,056,360	2,652,299
Office equipment	173,744	197,931	39,995	-	213,739	197,931
Animals	7,446	11,701	-	-	7,446	11,701
Meters	-	-	1,007,352	1,080,526	1,007,352	1,080,526
Streets	8,423,778	8,788,701	-	-	8,423,778	8,788,701
Total	$ 33,173,648	$ 33,228,469	$ 15,541,397	$ 14,622,021	$ 48,715,045	$ 47,850,490

Additional information on the Town's capital assets can be found in the notes of the Basic Financial Statements on pages 54-56.

Long-term Debt. The Town of Kill Devil Hills' total debt decreased by $780,241 during the fiscal year ended June 30, 2021 primarily due to principal payments made during the year over new direct installment financing and increases in total OPEB and pension liabilities.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the Town's boundaries. The legal debt margin for the Town of Kill Devil Hills is $229,206,314. The Town had no outstanding bonded debt subject to the limitation.

Additional information can be found in the notes of the Basic Financial Statements located on pages 71 through 74.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the economic condition of the Town:

- Average unemployment rate of 6.88% is higher than the State of North Carolina's 2021 average of 6.01%. Dare County experiences significant seasonality in the rates with a high of 10.30% in January and a low of 4.60% in June 2021.
- The Town's economic and tourism related revenues resulted in a 54.3% increase in occupancy tax collections over the prior year and 45.8% increase over 2019 pre-COVID-19 collections.
- The Town's share of the State and local sales taxes resulted in a 30.8% increase over the 2020 fiscal year.
- The local one percent realty transfer tax experienced a 127.7% growth over the 2020 and 2019 years.
- Building permits and related revenues increased 5.03% despite the rising cost of materials created by the demand for building materials.
- Water sales increased 12.04% due to a 4% increase in water rate and 10.8% increase in consumption.
- On the expenditure side, the budget includes an 8.46% and 9.29% increase in the general fund and water fund respectively. These increases are related to personnel costs and the rising cost of health insurance premiums, market performance pay, cost of living, and overall rising cost of goods.
- A beach re-nourishment construction project is planned to begin in 2022.
- The Town of Kill Devil Hills' year round population is 7,674 while the summer season population exceeds 35,000 persons a day, requiring twenty-four hour services for residents and non-residents alike.

Governmental Activities. Property values used to determine the tax base for the budget were revalued as of January 1, 2020 and the tax rate of $.32 per $100 of valuation remained for the 2022 fiscal year. The Town expects an increase in the share of the State and local sales tax and other local taxes that are distributed based on the percentage of the government's levy in relation to other municipalities in the county.

Major revenues were budgeted with projected increases and decreases as compared to fiscal year 2021 and 2020 actual results as follows:

- 2022 occupancy tax revenues are expected to decrease 23% from 2021 level, which is 19% above 2020 revenue.
- Sales Tax Projections for the 2022 fiscal year are expected to decrease 13% from 2021 fiscal year, which is 13% above 2020 revenue.
- The projection for the 2022 land transfer tax is a 54% decrease from 2021, which is a 5% increase over 2020 revenue.
- Continued growth of 3% is estimated over the next year in building permits and related revenue.
- A Municipal Service District (MSD) for the purpose of erosion control, flood and hurricane protection works was created for shoreline protection. The tax in this district is $.24 and will fund a portion of the debt service and expenses for the planned 2022 beach nourishment project.

Budgeted expenditures are anticipated to be $21,597,279, which is an 8.46% increase over the prior year budget. Personnel cost increases will maintain the cost of living and merit based program as well as a 5% increase in health insurance premiums. Capital improvement items include annual street and sidewalk projects, identification and implementation of ADA compliance improvements, major roof replacements and construction of an open-air pavilion at Aviation Park. Equipment and vehicle replacements include five police vehicles, fire department radios, a backhoe, dump truck, two residential and one commercial garbage truck.

Business-type Activities. The retail water rates in the Town will increase by 4%, primarily to cover increased operating costs and waterline and system improvements that are associated with the Water System Master Plan. Water tap fees are also in accordance with the recommendation of the plan. Water Fund operating expenses are budgeted to increase 9.29% over the prior year budget. Pay as you go funding includes $643,000 water main adjustments associated with street and drainage projects. A Capital Reserve Fund to account for system development fees is projected to accumulate and fund a total of $324,000 for system expansion and replacement. The Wastewater fund is guided by a capital improvements program developed in 2010 and includes a schedule of rates and fees to provide for sustained reliable operation and enable repayment of the long-term loan that was provided by the Water Fund. $18,750 is projected in the Wastewater Capital Reserve Fund for system expansion and repayment of debt. The Adopted Budget maintains the base quantity, current rate structure of base charge, and commodity charge as outlined in the capital improvements program.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Kill Devil Hills, P.O. Box 1719, Kill Devil Hills, NC 27948. You can also call (252) 449-5338, visit our web site www.kdhnc.com or send an email to Beverly@kdhnc.com for more information.

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BASIC FINANCIAL STATEMENTS

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 16,987,756	$ 7,238,083	$ 24,225,839
Restricted cash and cash equivalents	4,294,280	1,407,258	5,701,538
Taxes receivables (net)	74,404	-	74,404
Accrued interest receivable (net)	18,630	8,244	26,874
Accounts receivable (net)	47,446	1,032,070	1,079,516
Due from other governments	2,527,295	136,968	2,664,263
Inventories	177,935	162,055	339,990
Prepaid items	1,037	-	1,037
Total current assets	24,128,783	9,984,678	34,113,461
Non-current assets:			
Capital assets:			
Land and construction in progress	4,848,855	332,926	5,181,781
Water rights, net of accumulated amortization	-	804,151	804,151
Other capital assets, net of accumulated depreciation	28,324,793	14,404,320	42,729,113
Total capital assets	33,173,648	15,541,397	48,715,045
Total non-current assets	33,173,648	15,541,397	48,715,045
Total assets	57,302,431	25,526,075	82,828,506
DEFERRED OUTFLOWS OR RESOURCES			
Pension deferrals	2,343,634	242,327	2,585,961
OPEB deferrals	1,091,081	145,692	1,236,773
Total deferred outflows of resources	3,434,715	388,019	3,822,734
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	1,116,197	504,844	1,621,041
Accrued interest payable	90,426	-	90,426
Unearned revenue	8,790	-	8,790
Customer deposits	-	709,428	709,428
Current portion of long-term liabilities:	3,026,273	72,813	3,099,086
Total current liabilities	4,241,686	1,287,085	5,528,771
Long-term liabilities:			
Net pension liability LGERS	3,124,420	417,203	3,541,623
Total pension liability (LEO)	1,470,254	-	1,470,254
Net OPEB liability	8,674,364	1,158,286	9,832,650
Due in more than one year	6,129,532	47,151	6,176,683
Total long-term liabilities	19,398,570	1,622,640	21,021,210
Total liabilities	23,640,256	2,909,725	26,549,981

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	178,916	-	178,916
OPEB deferrals	268,242	35,819	304,061
Total deferred inflows of resources	447,158	35,819	482,977
NET POSITION			
Net investment in capital assets	26,206,869	15,516,079	41,722,948
Restricted for:			
Streets - Powell Bill	43,174	-	43,174
Public safety	20,373	-	20,373
Stabilization by State Statute	3,485,987	-	3,485,987
Capital Reserve Fund	2,913,193	-	2,913,193
Unrestricted	3,980,136	7,452,471	11,432,607
Total net position	$ 36,649,732	$ 22,968,550	$ 59,618,282

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 7,182,255	$ 458,630	$ 81,629	$ 487,686
Public safety	7,043,759	15,203	33,000	-
Transportation	1,735,100	-	-	283,988
Environmental protection	2,738,733	82,886	-	-
Public works	407,423	-	-	-
Interest on long-term debt	274,957	-	-	-
Total governmental activities	19,382,227	556,719	114,629	771,674
Business-type activities:				
Water fund	4,156,206	4,940,915	6,369	319,819
Wastewater fund	271,283	225,457	-	-
Total business-type activities	4,427,489	5,166,372	6,369	319,819
Total primary government	$ 23,809,716	$ 5,723,091	$ 120,998	$ 1,091,493

General revenues:
Taxes and Licenses:
Property taxes levied for general purpose
Municipal service district taxes
Sales taxes
Occupancy taxes
Other taxes and licenses
Grants and contributions not restricted to specific programs
Net unrestricted investment earnings
Miscellaneous
Total general revenues

Change in net position

Net position, previously reported
Net position-ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Totals
$ (6,154,310)	$ -	$ (6,154,310)
(6,995,556)	-	(6,995,556)
(1,451,112)	-	(1,451,112)
(2,655,847)	-	(2,655,847)
(407,423)	-	(407,423)
(274,957)	-	(274,957)
(17,939,205)	-	(17,939,205)
-	1,110,897	1,110,897
-	(45,826)	(45,826)
-	1,065,071	1,065,071
(17,939,205)	1,065,071	(16,874,134)
9,533,111	-	9,533,111
496,552	-	496,552
3,615,726	-	3,615,726
4,228,903	-	4,228,903
1,644,312	-	1,644,312
1,033,498	-	1,033,498
(67,286)	(29,737)	(97,023)
414,276	-	414,276
20,899,092	(29,737)	20,869,355
2,959,887	1,035,334	3,995,221
33,689,845	21,933,216	55,623,061
$ 36,649,732	$ 22,968,550	$ 59,618,282

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

	Major Fund General	Total Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 16,559,644	$ 428,112	$ 16,987,756
Restricted cash and cash equivalents	3,759,126	535,154	4,294,280
Receivables (net)			
Taxes	74,404	-	74,404
Accounts	47,446	-	47,446
Interest on investments	18,270	360	18,630
Due from other governments	2,521,340	5,955	2,527,295
Inventories and prepaid items	178,972	-	178,972
Total assets	$ 23,159,202	$ 969,581	$ 24,128,783
LIABILITIES			
Accounts payable	$ 399,870	$ 28,235	$ 428,105
Accrued liabilities	688,092	-	688,092
Unearned revenue	240	-	240
Total liabilities	1,088,202	28,235	1,116,437
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	74,404	-	74,404
License receivable	8,550	-	8,550
Total deferred inflows of resources	82,954	-	82,954
FUND BALANCES			
Non-Spendable:			
Inventories and prepaids	178,972	-	178,972
Restricted:			
Stabilization by State Statute	3,485,987	53,865	3,539,852
Public Safety	20,373	-	20,373
Streets - Powell Bill	43,174	-	43,174
Capital reserve fund	2,913,193	-	2,913,193
Assigned:			
Beach Nourishment	-	353,537	353,537
Public Works Final Phase Capital Project	-	533,944	533,944
Subsequent year's expenditures	1,953,126	-	1,953,126
Unassigned	13,393,221	-	13,393,221
Total fund balances	21,988,046	941,346	22,929,392
Total liabilities, deferred inflows of resources and fund balances	$ 23,159,202	$ 969,581	$ 24,128,783

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances-governmental funds (page 22)	$	22,929,392
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		33,173,648
Deferred outflows of resources related to pensions are not reported in the funds		2,343,634
Deferred outflows of resources related to OPEB are not reported in the funds		1,091,081
Liabilities for earned revenues considered deferred inflows on resources in fund statements		74,404
Long-term liabilities, including Pension and OPEB obligations and accrued compensation, are not due and payable in the current period and, therefore, are not reported in the funds.		(22,424,843)
Deferred inflows of resources related to pensions are not reported in the funds		(178,916)
Deferred inflows of resources related to OPEB are not reported in the funds		(268,242)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds		(90,426)
Net position of governmental activities.	$	36,649,732

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Major Fund General	Total Non-Major Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	$ 10,062,733	$ -	$ 10,062,733
Other taxes and licenses	9,496,381	-	9,496,381
Unrestricted intergovernmental	1,033,497	-	1,033,497
Restricted intergovernmental	517,618	368,686	886,304
Permits and fees	458,610	-	458,610
Sales and services	90,668	-	90,668
Net investment earnings (loss)	(65,973)	(1,313)	(67,286)
Miscellaneous	223,981	-	223,981
Total revenues	21,817,515	367,373	22,184,888
EXPENDITURES			
Current:			
General government	4,363,573	816,361	5,179,934
Public safety	6,718,786	-	6,718,786
Transportation	2,577,592	-	2,577,592
Environmental protection	3,252,070	-	3,252,070
Public works	438,250	-	438,250
Debt service:			
Principal	2,653,540	-	2,653,540
Interest and other charges	289,610	-	289,610
Total expenditures	20,293,421	816,361	21,109,782
Excess revenues over (under) expenditures	1,524,094	(448,988)	1,075,106
OTHER FINANCING SOURCES			
Direct borrowing	505,613	-	505,613
Sale of capital assets	191,218	-	191,218
Transfer from capital project fund	3,854	(3,854)	-
Total other financing sources	700,685	(3,854)	696,831
Net change in fund balance	2,224,779	(452,842)	1,771,937
Fund balances - beginning	19,763,267	1,394,188	21,157,455
Fund balances - ending	$ 21,988,046	$ 941,346	$ 22,929,392

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds (page 24)		$ 1,771,937
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	$ 4,077,894	
Depreciation expense for governmental assets	(4,131,793)	(53,899)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(922)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
LGERS	701,327	
LEOSSA	47,672	748,999
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in tax revenue	(33,070)	(33,070)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-tern debt issued	(505,613)	
Principal payments on long-term debt	2,653,540	
Accrued interest payable	14,653	2,162,580
Some expenses reported in the statement of activities do not require expenditures in governmental funds.		
Compensated absences	(41,147)	
Pension expense - LEOSSA	(147,729)	
Pension expense - LGERS	(1,093,345)	
OPEB plan expense	(353,517)	(1,635,738)
Total changes in net position of governmental activities		$ 2,959,887

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	General Fund			
	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Ad valorem taxes	$ 9,518,709	$ 9,518,709	$ 10,062,733	$ 544,024
Other taxes and licenses	5,825,580	5,825,580	9,496,381	3,670,801
Unrestricted intergovernmental revenues	1,081,815	1,108,756	1,033,497	(75,259)
Restricted intergovernmental revenues	348,125	822,261	517,618	(304,643)
Permits and fees	348,400	348,400	458,610	110,210
Sales and services	72,540	111,101	90,668	(20,433)
Net investment earnings	140,000	140,000	(67,511)	(207,511)
Other revenues	151,561	184,162	223,981	39,819
Total revenues	17,486,730	18,058,969	21,815,977	3,757,008
EXPENDITURES				
Current:				
General government	5,118,922	6,011,415	4,363,572	1,647,843
Public safety	6,768,108	7,178,038	6,718,785	459,253
Transportation	1,971,815	2,806,185	2,577,591	228,594
Enviromental protection	2,255,183	3,356,405	3,252,071	104,334
Public works	414,738	485,610	438,251	47,359
Debt service:				
Principal retirement	2,656,549	2,658,203	2,653,540	4,663
Interest and other charges	289,610	289,610	289,611	(1)
Total expenditures	19,474,925	22,785,466	20,293,421	2,492,045
Revenues over (under) expenditures	$ (1,988,195)	$ (4,726,497)	$ 1,522,556	$ 6,249,053

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	General Fund			
	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES				
Direct borrowing	$ -	$ 505,613	$ 505,613	$ -
Transfer from Capital Reserve Fund	-	185,709	421,383	235,674
Transfer to Capital Project fund	-	(368,217)	(368,217)	-
Sale of capital assets	20,000	20,000	191,218	171,218
Appropriated fund balance - undesignated	1,968,195	2,708,581	-	(2,708,581)
Appropriated fund balance - encumbrances	-	1,674,811	-	(1,674,811)
Total other financing sources (uses)	1,988,195	4,726,497	749,997	(3,976,500)
Revenues and other sources over expenditures and other uses	$ -	$ -	2,272,553	$ 2,272,553
Fund balance, beginning			16,802,300	
Fund balance, end of year			$ 19,074,853	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Net investment earnings			$ 1,538	
Transfer to/from General Fund			(421,383)	
Transfer from Capital Project Fund			372,071	
Fund balance, beginning of year			2,960,967	
Total Capital Reserve Fund			2,913,193	
Fund balance, end of year			$ 21,988,046	

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
June 30, 2021

	Business-type Activities		Total Enterprise Funds
	Water	Wastewater	June 30, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	$ 7,238,083	$ -	$ 7,238,083
Restricted cash and cash equivalents	1,359,416	47,842	1,407,258
Accrued interest receivable	8,182	62	8,244
Customer accounts receivable (net)	979,275	52,795	1,032,070
Due from other governments	136,968	-	136,968
Inventories	162,055	-	162,055
Total current assets	9,883,979	100,699	9,984,678
Non-current assets:			
Due from other funds	473,898	(473,898)	-
Capital assets:			
Land and other non-depreciable assets	285,581	47,345	332,926
Water rights (net of accumulated amortization)	804,151	-	804,151
Other capital assets (net of accumulated depreciation)	14,342,064	62,256	14,404,320
Total capital assets	15,431,796	109,601	15,541,397
Total non-current assets	15,905,694	(364,297)	15,541,397
Total assets	25,789,673	(263,598)	25,526,075
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	242,327	-	242,327
OPEB deferrals	145,692	-	145,692
Total deferred outflows of resources	388,019	-	388,019
LIABILITIES			
Current liabilities:			
Accounts payable	462,531	327	462,858
Salaries payable	40,061	-	40,061
Other liabilities	1,925	-	1,925
Customer deposits	682,212	27,216	709,428
Current portion of long-term liabilities:			
Compensated absences	70,000	-	70,000
Note payable	2,813	-	2,813
Total current liabilities	1,259,542	27,543	1,287,085
Non-current liabilities:			
Compensated absences, net of current portion	24,646	-	24,646
Net Pension Liability	417,203	-	417,203
Net OPEB Liability	1,158,286	-	1,158,286
Note payable, net of current portion	22,505	-	22,505
Total non-current liabilities	1,622,640	-	1,622,640
Total liabilities	2,882,182	27,543	2,909,725

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
June 30, 2021

	Business-type Activities		Total Enterprise Funds
	Water	Wastewater	June 30, 2021
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	$ 35,819	$ -	$ 35,819
NET POSITION			
Net investment in capital assets	15,406,478	109,601	15,516,079
Unrestricted	7,853,213	(400,742)	7,452,471
Total net position	$ 23,259,691	$ (291,141)	$ 22,968,550

The accompanying notes are an integral part of the financial statements.

EXHIBIT 7

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2021

	Business-type Activities		Total Enterprise Funds
	Water	Wastewater	June 30, 2021
OPERATING REVENUES			
Water sales	$ 4,455,878	$ -	$ 4,455,878
Wastewater sales	-	199,227	199,227
Connection fees	65,417	4,640	70,057
System development fees	369,800	20,681	390,481
Late payment penalties and interest	13,170	909	14,079
Other operating revenues	362,838	-	362,838
Total operating revenues	5,267,103	225,457	5,492,560
OPERATING EXPENSES			
Water administration	1,542,184	-	1,542,184
Water treatment plant	1,475,344	-	1,475,344
Water systems	496,677	-	496,677
Wastewater	-	165,300	165,300
Depreciation and amortization	607,966	105,983	713,949
Total operating expenses	4,122,171	271,283	4,393,454
OPERATING INCOME (LOSS)	1,144,932	(45,826)	1,099,106
NON-OPERATING REVENUES			
Net investment earnings (loss)	(29,630)	(107)	(29,737)
Loss on disposal of capital assets	(34,035)	-	(34,035)
Total non-operating revenues	(63,665)	(107)	(63,772)
OPERATING INCOME (LOSS) BEFORE TRANSFERS	1,081,267	(45,933)	1,035,334
Transfers from (to) other funds	18,750	(18,750)	-
Changes in net position	1,100,017	(64,683)	1,035,334
Total net position previously reported	22,159,674	(226,458)	21,933,216
Total net position, ending	$ 23,259,691	$ (291,141)	$ 22,968,550

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021

	Business-type Activities		Total Enterprise Funds
	Water	Wastewater	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 5,223,364	$ 221,099	$ 5,444,463
Cash paid for goods and services	(1,882,373)	(168,243)	(2,050,616)
Cash paid to employees	(1,262,776)	-	(1,262,776)
Customer deposits received	68,080	2,736	70,816
Customer deposits returned	(56,760)	(2,160)	(58,920)
Other operating revenues	65,417	-	65,417
Net cash provided by operating activities	2,154,952	53,432	2,208,384
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Cash received from other funds	32,209	-	32,209
Cash paid to other funds	-	(32,209)	(32,209)
Net cash provided (used) by non-capital financing activities	32,209	(32,209)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,667,360)	-	(1,667,360)
Principal paid on capital debt	(2,813)	-	(2,813)
Net cash (used) by capital related financing activities	(1,670,173)	-	(1,670,173)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment earnings (loss)	(12,068)	(22)	(12,090)
Net cash used by investing activities	(12,068)	(22)	(12,090)
Net increase in cash and cash equivalents	504,920	21,201	526,121
Cash and cash equivalents at beginning of year	8,092,579	26,641	8,119,220
Cash and cash equivalents at end of year	$ 8,597,499	$ 47,842	$ 8,645,341

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021

	Business-type Activities		Total Enterprise Funds
	Water	Wastewater	June 30, 2021
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,144,933	$ (45,825)	$ 1,099,108
Adjustments to reconcile operating income loss to net cash provided by operating activities:			
Depreciation and amortization	607,966	105,983	713,949
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	20,798	(4,357)	16,441
Increase in inventories	(17,040)	-	(17,040)
Increase in deferred outflows of resources - pensions	(48,270)	-	(48,270)
Decrease in deferred outflows of resources - OPEB	31,198	-	31,198
Increase in net pension liability	100,616	-	100,616
Increase in salaries payable	1,083	-	1,083
Increase in other liabilities	880	-	880
Increase (decrease) in accounts payable	277,265	(2,945)	274,320
Decrease in funds held in escheats	(301)	-	(301)
Increase in customer deposits	11,320	576	11,896
Increase in accrued vacation pay	8,498	-	8,498
Decrease in deferred inflows of resources - OPEB	(4,289)	-	(4,289)
Increase in OPEB liability	20,295	-	20,295
Net cash provided by operating activities	$ 2,154,952	$ 53,432	$ 2,208,384
Schedule of non-capital financing activities:			
Wastewater Fund debt payments to Water Fund	$ 32,209	$ (32,209)	$ -

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	Pension (and Other Employee Benefit) Trust Fund	Custodial Fund Firemen's Relief
ASSETS		
Cash and cash equivalents	$ 305,117	$ 250,488
Accrued interest receivable	-	239
Due from other governments	-	13,034
Total assets	305,117	263,761
LIABILITIES AND NET POSITION		
Liabilities:		
Due to Firemen's Relief Fund	-	263,761
Total Liabilities	-	263,761
NET POSITION		
Postemployment benefits other than pensions	305,117	-
Total Net Position	$ 305,117	$ -

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Fiscal Year Ended June 30, 2021

	Pension (and Other Employee Benefit) Trust Fund	Custodial Fund Firemen's Relief
ADDITIONS		
Contributions:		
Employer	$ -	$ -
Total contributions	-	-
Investment earnings:		
Interest	(15)	1,167
Net increses(decrease) in the fair value of investments	86,412	(2,214)
Total investment earnings	86,397	(1,047)
Less investment expense	-	-
Net investment earnings	86,397	(1,047)
Collections for participants or beneficiaries	-	13,034
Total additions	86,397	11,987
DEDUCTIONS		
Administrative expenses	14	-
Benefits paid to participants or beneficiaries	-	28,996
Payments on behalf of beneficiaries	-	-
Intergovernmental payable - Firemen's Relief Fund	-	(17,009)
Total deductions	14	11,987
Net change in net position	86,383	-
Net position:		
Beginning of year	218,734	-
End of year	$ 305,117	$ -

The accompanying notes are an integral part of the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Kill Devil Hills have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The Town of Kill Devil Hills, North Carolina, is a municipal corporation that is governed by an elected mayor and a four member council. As required by generally accepted accounting principles, these financial statements present the Town of Kill Devil Hills (primary government). Component units are organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has determined that no entities met the required GASB-39 criteria of component units.

B. Basis of Presentation – Government-Wide and Fund Financial Statements and Financial Statement Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government of the Town. These statements include the financial activities of the overall government. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Direct expenses are not eliminated in the process of consolidation from the various functional categories, whereas indirect expenses are, so direct costs and program revenues are not distorted. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions/non-operating or ancillary activities.

The Town reports the following major governmental funds:

General Fund. The General Fund is the primary operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, state-shared revenues, occupancy tax and various other taxes and licenses. The primary expenditures are for general government services, public safety, transportation, public works and environmental protection. Additionally, the Town has legally adopted a Capital Reserve Fund, a fund that is designated for future capital projects, and is consolidated into the General Fund.

The Town reports the following non-major governmental funds:

Public Works Final Phase Capital Project Fund. This fund is used to account for the Public Works Complex additions of the new solid waste building and renovation of the animal control facility.

Beach Nourishment Capital Project Fund. This fund is used to account for the revenues and expenditures of the 2017 beach nourishment project.

2022 Beach Nourishment Capital Project Fund. This fund is used to account for beach nourishment scheduled to take place in 2022.

The Town reports the following major enterprise funds:

Water Fund. This fund is used to account for the Town's water operations.

Wastewater Fund. This fund is used to account for the Town's wastewater operations.

The Town reports the following fiduciary funds:

Pension (and Other Employee Benefit) Trust Fund. The Town maintains one Pension (and Other Employee Benefit) Trust Fund, the Other Post-employment Benefit Fund. Pension (and Other Employee Benefit) Trust Funds are used to report fiduciary activities for pension plans and OPEB plans that are administered through trusts that meet certain criteria. The Other Post-employment Benefit Fund accounts for the Town's contributions for health care coverage provided to qualified retirees (the Healthcare Benefits Plan) and for contributions made to finance future benefits, which are held in a qualifying irrevocable trust.

Custodial Fund. Custodial funds are used to report fiduciary activities that are not required to be reported in Pension (and Other Employee Benefit) Trust Funds, Investment Funds or Private-Purpose Trust Funds. Custodial funds are used to account for assets the Town holds on behalf of others that meet certain criteria. The Town maintains one Custodial fund, the Firemen's Relief fund, that accounts for funds received by the Firemen's Relief Board to be used in accordance with G.S. 58-84 and G.S. 58-85.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and wastewater systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within ninety days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, North Carolina state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in the state. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts, including the Town of Kill Devil Hills. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Kill Devil Hills because the tax is levied by Dare County then remitted to and distributed by the state. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

D. Budgetary Information

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year end. Capital Reserve ordinances have been adopted for the Capital Reserve Fund, and a revised budget is amended as reserve funds have been used. A project ordinance has been adopted for the Public Works Final Phase in the Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 for the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The Town Manager by law is the budget officer in the council-manager form of government. On or before April 30 of each year, department heads must submit proposed budget requests to the Town Manager for budget preparation. The budget is presented by fund and department. As specified in the budget ordinance, the budget is adopted on a departmental level with line items or object of expenditures being presented for detail purposes only. The budget includes information for the past year, estimates for the current year, and requested appropriations for the next fiscal year.

The budget officer is authorized to transfer amounts between objects of expenditures within a department without limitation and without a report being requested. The budget officer may not transfer any amounts between departments of the same fund, with the exception of those departments presided over by the same department head; for example, amounts may be transferred from the Police department to the Animal Control department because they are presided over by the same department head. Any transfers such as these shall be reported to the governing board at its next meeting and shall be entered into the minutes. The budget officer may not transfer any amount between funds or from any contingency appropriation within any fund.

Revenues may be amended during the year for unforeseen revenues such as grant monies. These amendments must meet board approval. Revenues from taxes levied may not be amended once the tax rate is set. During the year several amendments to the original budget were necessary.

Expenditures may not legally exceed budgeted appropriations at the departmental level. The budget as presented in the General Fund is at the departmental level. Several departmental budgets may exist within each function of the General Fund. Debt service expenditures are budgeted annually within each department.

As required by G.S.159-26 (d), the Town maintains encumbrance accounts that are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if open purchase orders and unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

E. Assets, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [N.C.G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

North Carolina state law [N.C.G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain prime quality issues of commercial paper and the North Carolina Capital Management Trust (NCCMT).

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC – registered (2a-7) external investment pool, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average of maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at fair value as determined by quoted market prices.

G.S. 159-30.1 allowed the Town to establish an irrevocable Other Post Employment Benefit (OPEB) Trust Fund managed by the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The State Treasurer, in his discretion, may invest the proceeds in equities of certain publically held companies and long or short term fixed income investments as allowed by G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Funds (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the State Treasurer's Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRocks's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

At June 30, 2021 the Town's OPEB Trust had $305,117 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Town's OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF) .07%, which is reported as cash and cash equivalents; and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) 99.93% (the equities were split with 58.82% in domestic securities and 41.18% in international securities).

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs, other than quoted prices, included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2021 of 1.3 years.

The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at $1 per unit and had an average maturity of 8.34 years at June 30, 2021.

The BlackRock MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2021 the fair value of the funds was $32.2459 per share. Fair value for this BlackRock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

2. Cash and Cash Equivalents

The Town pools money from several funds except the Post-employment Benefit (Pension and Other Employee Benefit trust) Fund to facilitate disbursement and investment and to maximize investment income. The Town's cash and cash equivalents are considered to be cash on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certificates of deposit are deemed cash equivalents regardless of their maturity because they are convertible to known amounts of cash and present no significant risk of changes in value.

3. Restricted Assets

The unexpended installment financing proceeds of the General Fund are classified as restricted assets for the General Fund. Their use is completely restricted to the purpose for which the installment financing was obtained. Money in the Capital Reserve Fund is also classified as restricted assets because its use is restricted to the Capital Reserve Fund per NC G.S. Chapter 159, Article 3, Part 2. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Federal Forfeiture Funds are classified as restricted cash because they can be expended only for the purposes of Police criminal matters. Finally, North Carolina unauthorized controlled substance excise taxes are classified as restricted assets for the General Fund. Their use is completely restricted for Police drug related training. The unexpended installment financing proceeds of the Public Works Final Phase Capital Project Fund - are classified as restricted assets to be used for construction of the Public Works Final Phase Capital Project Fund. In Business-type activities, certain assets of the Capital Reserve Fund are classified as restricted assets as their use is restricted per Session Law 1985-716. Water Fund and Wastewater Fund customer deposits held by the Town (before any services are supplied) are restricted to the service for which the deposit was collected. Water and Wastewater Fund System Development Fees are restricted assets for extension and replacement for the water and wastewater system.

Restricted Cash

Governmental Activities			
General Fund			
	Unexpended lease proceeds	$	782,386
	Capital Reserve Fund		2,913,193
	Powell Bill		43,174
	Unauthorized controlled substance excise tax		15,997
	Federal forfeiture funds		4,376
			3,759,126
Public Works Final Phase Capital Project Fund - Unexpended Lease Proceeds			535,154
Total Governmental Activities			4,294,280
Business-type Activities			
Water Fund			
	Customer deposits		682,212
	Extension and Replacement		677,204
			1,359,416
Wastewater Fund			
	Customer deposits		27,216
	Extension and Replacement		20,626
Total Business-type Activities			1,407,258
Total Restricted Cash		$	5,701,538

4. Ad Valorem Taxes Receivable

In accordance with State law [N.C.G.S. 105-347 and N.C.G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. The taxes were collected throughout the fiscal year, from August through June.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories and Prepaid Items

The inventories of the Town are valued at weighted average cost, which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's Enterprise Funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when the inventory is consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government–wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of three years. Minimum capitalization costs are as follows: land, $1; office furniture and equipment, $5,000; vehicles, $5,000; machinery and equipment (non-computer), $5,000; computer equipment and software, $5,000; buildings and improvements, $5,000; animals, $5,000; meters, $5,000; and infrastructure, $100,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and Plant	20 – 40 years
Improvements	10 – 40 years
Machinery and Equipment (non-computer)	5 – 10 years
Vehicles	5 – 7 years
Office furniture and equipment	5 – 10 years
Computer equipment	3 – 5 years
Animals	5 years
Streets	15 - 25 years
Meters	20 - 40 years
Water Rights	40 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, pension and OPEB deferrals in the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category-prepaid taxes, property taxes receivable, and deferrals of pension and OPEB expense.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

10. Compensated Absences

The overtime compensation policies of the Town allow for overtime compensation to be provided in the form of compensatory time off earned at time and one half (for hours worked over 40 hours per week) which can be accumulated up to a total of 240 hours. Accumulated overtime compensation in excess of 240 hours is paid (certain exceptions allow for 480 hours).

The vacation policies of the Town allow regular employees to earn vacation leave from the beginning of employment at the rate of one day per month (12 days per year). Regular employees with five or more years but less than 10 years of service earn vacation leave at the rate of one and one quarter days per month (15 days per year); with 10 or more years but less than 15 years of service at the rate of one and one half days per month (18 days per year); with 15 or more years but less than 20 years of service at the rate of 1 and three quarters days per month (21 days per year); with 20 years or more of service at the rate of 2 days per month (24 days per year). The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance –This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid items – portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid items, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [N.C.G.S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for Police from drug forfeiture funds.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill Funds.

Restricted for Capital Reserve Fund – portion of fund balance that is restricted by State Statute [N.C.G.S. 159-18] for a legally adopted capital reserve fund which has been consolidated with the General Fund due to GASB 54. This amount represents capital reserve funds for use for recreation, street, and shoreline projects.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes as imposed by a resolution adopted by a majority vote of the Town of Kill Devil Hills' governing board. Any changes or removal of specific purposes requires a resolution adopted by a majority action by the governing body. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that the Town of Kill Devil Hills intends to use for specific purposes as determined by the Town of Kill Devil Hills' Board of Commissioners.

Beach Nourishment Capital Project Fund – portion of fund balance that has been budgeted by the Board of Commissioners for Beach Nourishment.

Public Works Final Phase Capital Project Fund – portion of fund balance that has been budgeted by the Board of Commissioners for the Public Works Complex additions.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The Board of Commissioners approves the appropriation.

Unassigned fund balance – the residual classification for the Town's General Fund includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes or other funds. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Town of Kill Devil Hills has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: lease purchase proceeds, federal funds, state funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is the best interest of the Town.

Each year during budget preparation the Board of Commissioners provides verbal guidance on the Town's minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 35% of budgeted expenditures. The minimum fund balance amount may change each year at the discretion of the Board depending on budget projections.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Kill Devil Hills' employer contributions are recognized when due and the Town of Kill Devil Hills has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

13. Estimates

The Town of Kill Devil Hills' management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

F. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of $13,720,340 consists of several elements as follows:

Description		Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)		$ 58,205,990
Less accumulated depreciation		(25,032,342)
Net capital assets		$ 33,173,648
Deferred outflows of resources related to pensions/OPEB are not reported in the funds		3,434,715
Liabilities for earned revenues considered deferred inflows on resources in fund statements		74,404
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:		
Installment financings payable	$ (8,285,569)	
Compensated absences	(870,236)	
Net Pension Liability	(3,124,420)	
Net other post-employment benefits obligation	(8,674,364)	
Pension Liability (LEO)	(1,470,254)	
		(22,424,843)
Deferred inflows of resources related to pension/OPEB are not reported in the funds		(447,158)
Other long-term liabilities (accrued interest) are not due and payable in current period and, are deferred in the funds.		(90,426)
Net adjustment		$ 13,720,340

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of $1,187,950 as follows:

Description		Amount
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures recorded in the fund statements capitalized as assets in the statement of activities.	$ 4,077,894	
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(4,131,793)	$ (53,899)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		
LGERS	701,327	
LEOSSA	47,672	748,999
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in tax revenue		(33,070)
Net effect of sales involving capital assets		(922)

The issuance of long-term debt (e.g., direct borrowing, direct placement) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
Direct borrowing	$ (505,613)	
Accrued interest payable	14,653	
	(490,960)	
Principal payments	2,653,540	
		2,162,580
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(41,147)	
Pension expense - LEOSSA	(147,729)	
Pension expense – LGERS	(1,093,345)	
OPEB expense	(353,517)	
		(1,635,738)
Net adjustment		$ 1,187,950

G. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the Federal Depository Insurance Coverage (FDIC) level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting as a fiduciary for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of N.C.G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of $2,253,008 and a bank balance of $2,938,263. Of the bank balance, $1,000,000 was covered by Federal Depository Insurance and $1,938,263 was covered by collateral held under the pooling method. The Town had petty cash on hand at June 30, 2021, totaling $2,000.

2. Investments

At June 30, 2021, the Town had the following investments and maturities. This schedule assumes that callable investments will not be called.

		Investment Maturities in Years				
Investment Type	Fair Value	<=.75	>.75 to 3	>3 to 5	>5 to 10	>10 to 15
U.S. Government Agencies	$ 15,599,982	$ -	$ 2,253,320	$ 9,179,630	$ 4,167,032	$ -
Commercial Paper	6,897,230	6,897,230				
NC Capital Management Trust						
Government Portfolio	5,425,648	5,425,648				
Investment Totals	$ 27,922,860	$ 12,322,878	$ 2,253,320	$ 9,179,630	$ 4,167,032	$ -
Actual % of portfolio		44.13%	8.07%	32.87%	14.92%	0.00%
Actual cumulative % of portfolio		52.20%		85.08%	100.00%	100.00%
Minimum cumulative per policy		50.00%		70%	90%	100%

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

[1] The NC Capital Management Trust Term Portfolio had a duration of .15 years and is therefore presented as an investment with a maturity of less than 6 months.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's Investment Policy states that 40% should mature in 9 months but requires maturities of at least 50% or less in 3 years, at least 70% less than 5 years, at least 90% less than 10 years, and 100% less than fifteen years. As of June 30, the NC Capital Management Trust portfolios (19.43%), and Commercial Paper (24.70%), matured in less than 9 months, 8.07% of U.S. Government Agencies matured in less than 3 years, 32.88% of U.S Government Agencies matured in less than 5 years, 14.92% of U.S. Government Agencies in less than 10 years, 0% of U.S. Government Agencies in less than 15 years, based on the $27,922,818 investment total. Deviations from the investment maturity percentages on June 30 occurred due to cash flow and fair value fluctuations during the year. The Town's Internal Management Policy requires purchases of securities to be laddered with staggered maturity dates. Investment income of $138,759 was realized during fiscal year 2021. During the year no investments were sold for a realized gain or loss; however, because of the fair value on June 30, the unrealized loss on investments held on June 30 was $236,636. When combined, total investment income for fiscal year 2021 was a net loss of $97,877.

Credit Risk. The Town limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law and the Town's Investment Policy require that commercial paper bear the highest rating of at least one nationally recognized statistical rating organizations. The Town's investments in US agencies, Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Banks, and Federal Home Loan Mortgage Corporation were rated AAA by Standard and Poor's and AAA by Moody's Investors Services. The Town's investment in the NC Capital Management Trust Government Portfolio, carried a credit rating of AAA by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2021.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's formal policy requires that the Town utilize a third party custodial agent for book entry transactions, all of which are to be a trust department authorized to do trust work in North Carolina and has an account with the Federal Reserve. Certified securities are to be in the custody of the Finance Director.

Concentration of Credit Risk. The Town's investment policy limits the amount that the Town may invest in any one issuer, except for U.S. Treasury securities and the North Carolina Capital Management Trust, to 30% of total investments. Investments which are restricted further are commercial paper, limited to no more than 25% of total investments and no more than $3,000,000 in a single issuer. More than 5% of the Town's investments are in Federal Home Loan Mortgage Corporation (9.80%), Federal Home Loan Bank (13.36%), and Federal Farm Credit Banks (18.70%), and Federal National Mortgage Association (14.24%).

3. Receivables – Allowance for Doubtful Accounts

Receivables at the government-wide level at June 30, 2021 were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Accrued Interest Receivable	Due from Other Governments	Total
Governmental activities:					
General	$ 47,446	$ 77,285	$ 18,271	$ 2,521,340	$ 2,664,342
Other governmentals	-	-	359	5,955	6,314
Total receivables	47,446	77,285	18,630	2,527,295	2,670,656
Allowance for doubtful accounts	-	(2,881)	-	-	(2,881)
Total governmental activities	$ 47,446	$ 74,404	$ 18,630	$ 2,527,295	$ 2,667,775
Business-type activities:					
Water	$ 986,459	$ -	$ 8,182	$ 136,968	$ 1,131,609
Wastewater	52,795	-	62	-	52,857
Total receivables	1,039,254	-	8,244	136,968	1,184,466
Allowance for doubtful accounts	(7,184)	-	-	-	(7,184)
Total business-type activities	$ 1,032,070	$ -	$ 8,244	$ 136,968	$ 1,177,282

Amounts due from governmental agencies consist of the following:

	Other Government	State	Total
Governmental activities:			
Sales and use tax distribution	$ -	$ 663,199	$ 663,199
Officer court fees	306	-	306
Solid waste fees	-	1,369	1,369
Land transfer tax distribution	481,579	-	481,579
Sales tax refund	-	118,557	118,557
Occupancy taxes	1,172,959	-	1,172,959
Property taxes	72,759	-	72,759
CAMA permits	-	395	395
Beach nourishment grant	-	5,955	5,955
Crime commission grant	-	10,217	10,217
Total governmental activities	$ 1,727,603	$ 799,692	$ 2,527,295
Business-type activities:			
North Carolina Department of Transportation	$ -	$ 136,968	$ 136,968
Total business-type activities	$ -	$ 136,968	$ 136,968

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government

	June 30, 2020	Increases	Decreases	June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,964,521	$ -	$ -	$ 2,964,521
Construction in progress	4,097,836	1,874,019	4,087,520	1,884,335
Total capital assets, not being depreciated	7,062,357	1,874,019	4,087,520	4,848,856
Capital assets, being depreciated:				
Buildings	10,470,740	4,036,497	16,688	14,490,549
Other improvements	14,161,058	508,258	-	14,669,316
Machinery and equipment	2,548,036	78,619	90,985	2,535,670
Vehicles	8,810,173	1,432,275	1,304,021	8,938,427
Office furniture and equipment	638,817	-	7,988	630,829
Animals	21,274	-	-	21,274
Streets	11,835,324	235,745	-	12,071,069
Total capital assets, being depreciated	48,485,422	6,291,394	1,419,682	53,357,134
Less accumulated depreciation for:				
Buildings	3,886,047	273,567	15,766	4,143,848
Other improvements	6,604,719	2,047,945	-	8,652,664
Machinery and equipment	2,110,047	163,419	90,985	2,182,481
Vehicles	6,221,415	1,017,751	1,304,021	5,935,145
Office furniture and equipment	440,886	24,187	7,988	457,085
Animals	9,573	4,255	-	13,828
Streets	3,046,623	600,669	-	3,647,291
Total accumulated depreciation	22,319,310	4,131,793	1,418,760	25,032,342
Total capital assets, being depreciated, net	26,166,112	2,159,601	922	28,324,792
Governmental activities capital assets, net	$ 33,228,469	$ 4,033,620	$ 4,088,442	$ 33,173,648

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2021

	June 30, 2020	Increases	Decreases	June 30, 2021
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 224,814	$ -	$ -	$ 224,814
Construction in progress	3,040,799	108,112	3,040,799	108,112
Total capital assets, not being depreciated	3,265,613	108,112	3,040,799	332,926
Capital assets, being depreciated/amortized:				
Water rights	3,610,620	-	-	3,610,620
Buildings	412,781	-	-	412,781
Plant	3,302,389	3,774,704	184,465	6,892,628
Other improvements	16,604,849	597,599	-	17,202,448
Machinery and equipment	830,762	160,918	76,573	915,107
Vehicles	321,415	23,195	25,935	318,675
Office furniture and equipment	91,879	43,631	-	135,510
Meters	1,830,590	-	-	1,830,590
Total capital assets, being depreciated/amortiz	27,005,285	4,600,047	286,973	31,318,359
Less accumulated depreciation/amortization for:				
Water rights	2,716,203	90,266	-	2,806,469
Buildings	390,535	1,436	-	391,971
Plant	1,853,321	63,838	150,430	1,766,729
Other improvements	8,828,597	407,657	-	9,236,254
Machinery and equipment	760,403	40,283	76,573	724,113
Vehicles	257,874	33,659	25,935	265,598
Office furniture and equipment	91,879	3,636	-	95,515
Meters	750,064	73,174	-	823,238
Total accumulated depreciation/amortization	15,648,876	713,949	252,938	16,109,887
Total capital assets, being depreciated/amortiz	11,356,409	3,886,098	34,035	15,208,472
Business-type activities capital assets, net	$ 14,622,021	$ 3,994,210	$ 3,074,834	$ 15,541,397

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	2,358,401
Public safety		507,064
Transportation		760,585
Public works		12,920
Environmental protection		492,823
Total depreciation expense - governmental activities	$	4,131,793
Business-type activities:		
Water	$	517,700
Wastewater		105,983
Total depreciation expense - business-type activities		623,683
Business-type activities:		
Water		90,266
Total amortization expense - business-type activities		90,266
Total depreciation and amortization expenses - business-type activities	$	713,949

Breakdown of capital outlay increases for Governmental activities:		
Capital outlay expenditures	$	4,077,893
CIP completed projects		4,087,520
Total increases in capital assets being depreciated and not being depreciated		8,165,413
Depreciation		4,131,793
Total increases in Governmental activity capital assets, net	$	4,033,620

5. Construction commitments

The Town has active construction projects as of June 30, 2021. At year-end, the Town's commitments with contractors are as follows:

Project		Spent-to-date		Remaining Commitment
Meekins Field Improvements	$	151,501	$	558,789
Moor Shores Estuarine Access		15,940		49,612
2020/2021 street project		1,377,687		124,021
W Third St engineering and water main improvements		98,378		50,622
Beach Nourishment design and pre-construction services		337,937		46,341
	$	1,981,443	$	829,385

B. Liabilities

1. Accrued liabilities

Accrued liabilities reported by governmental funds at June 30, 2021, were as follows:

		General Fund
Salary and employee benefits	$	311,621
Other		376,471
Total accrued liabilities	$	688,092

2. **Pension Plan and Post–Employment Obligations**

a. North Carolina Local Governmental Employees' Retirement System.

Plan Description. The Town of Kill Devil Hills is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of N.C.G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Kill Devil Hills employees are required to contribute 6% of their compensation. Employer contributions are actuarily determined and set annually by the LGERS Board of Trustees. The Town of Kill Devil Hills' contractually required contribution rate for the year ended June 30, 2021, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Kill Devil Hills were $794,975 for the year ended June 30, 2021.

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported a liability of $3,541,623 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.09911%, which is an increase of 0.00070% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of $1,239,339. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 447,245	$ -
Changes of assumptions	263,566	-
Net difference between projected and actual earnings on pension plan investments	498,389	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	52,928	-
Town contributions subsequent to the measurement date	794,975	-
Total	$ 2,057,103	$ -

$794,975 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	$	361,036
2023		472,283
2024		281,312
2025		147,497
2026		-
Thereafter		-
	$	1,262,128

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.
Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	$ 7,185,566	$ 3,541,623	$ 513,249

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance.

1. Plan Description:

The Town of Kill Devil Hills administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019 (the valuation date), the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	26
Total	29

2. Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is the S & P Municipal Bond 20-year High Grade Rate Index.

Mortality rates use Pub-2010 amount weighted tables and are projected from 2010 using generational improvement with Scale MP-2019.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid $47,322 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported a total pension liability of $ 1,470,254. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021. The Town recognized pension expense of $147,729.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 117,742	$ 152,960
Changes of assumptions	386,800	25,956
Town benefit payments subsequent to the measurement date	24,316	-
Total	$ 528,858	$ 178,916

$24,316 reported as deferred inflows of resources related to pension resulting from benefits payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$ 64,216
2023	66,756
2024	69,434
2025	73,890
2026	41,731
Thereafter	9,599

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (.93 percent) or one percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Town's pension liability	$1,607,062	$1,470,254	$1,345,846

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

Total pension liability December 31, 2019	$ 1,175,808
Changes for the year:	
Service cost at end of year	45,553
Interest	37,539
Change in benefit terms	-
Differences between expected and actuarial experience	(144,889)
Changes of assumptions and other inputs	404,874
Benefit payments	(48,631)
Other changes	-
Net changes	294,446
Total Pension liability December 31, 2020	$ 1,470,254

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	$ 1,239,339	$ 147,729	$ 1,387,068
Pension Liability	3,541,623	1,470,254	5,011,877
Proportionate share of the net pension liability	0.09911%	n/a	-
Deferred of Outflows of Resources			
Differences between expected and actual experience	447,245	117,742	564,987
Changes of assumptions	263,566	386,800	650,366
Net difference between projected and actual earnings on plan investments	498,389	-	498,389
Changes in proportion and differences between contributions and proportionate share of contributions	52,928	-	52,928
Benefit payments and administrative costs paid subsequent to the measurement date	794,975	24,316	819,291
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	152,960	152,960
Changes of assumptions	-	25,956	25,956

c. Supplemental Retirement Income Plan (457-B) for Law Enforcement and Non-Law Enforcement Officers.

The Town adopted a Supplemental Retirement Income Plan, a defined contribution plan, for all employees beginning May 13, 2013. The Town does not, and has no requirement or obligation under North Carolina General Statutes to, contribute to the Plan. All contributions are voluntarily made by employees. Total contributions for the year ended June 30, 2021, were $19,500 that consisted of $19,500 from the non-law enforcement officers and $0 from law enforcement officers.

d. Other Post - Employment Benefits – Health Benefits

Cobra Benefits. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Town provides health care benefits to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a 2% administration fee is paid in full by the insured. This program is offered for a duration of up to three years depending on specific circumstances.

e. Supplemental Retirement Income Plan (401-K) for Law Enforcement Officers.

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of N.C.G.S. Chapter 135 assigns the authority to establish and amend benefit, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov. provision to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center

Funding Policy. Article 12E of N.C.G. S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were $142,878 which consisted of $92,393 from the Town and $50,485 from law enforcement officers. The contributions made by the Town equaled the required contributions for each year.

f. Supplemental Retirement Income Plan (401-K) for Non-Law Enforcement Officers.

The Town adopted a Supplemental Retirement Income Plan, a defined contribution plan, for employees, other than law enforcement, beginning January 31, 1991. The Town contributes an amount equal to 3% of each employee's salary plus an additional 2% matching contribution (excluding law enforcement officers), and all amounts contributed are vested immediately. The Town has no requirement or obligation under North Carolina General Statutes to contribute to the Plan. Employees may also make voluntary contributions to the plan. Total contributions for the year ended June 30, 2021, were $533,463 that consisted of $282,589 from the Town and $250,874 from employees.

g. Health Care Benefits.

Plan Description: Under the terms of a Town resolution as of July 1, 2007, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 2007 this plan provides post-retirement health care benefits to those retired under the Local Government Employee's Retirement System (LGERS) and have at least twenty years of creditable service to the Town. Prior to July 1, 2007, employees qualified for similar level benefits after at least five years of creditable service with the Town. The same benefits are provided for eligible dependents and spouses. This insurance terminates when the retired employee becomes eligible for Medicare; however, supplemental non-group insurance is made available. The governing board may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2021 the date of the latest actuarial valuation:

Inactive Members or Beneficiaries Currently Receiving Benefits	47
Inactive Members Entitled To, But Not Yet Receiving Benefits	-
Active Members	112
Total Membership	159

Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation of June 30, 2020.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	Medical – 7%
	Prescription – 7%
	Admin Expenses – 3.00%

Mortality rates were based on the Pub-2010 mortality tables with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019

The discount rate used to measure the total OPEB liability was based upon the Single Equivalent Rate.

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance as of June 30, 2020 as restated	$ 9,879,097	$ 218,734	$ 9,660,363
Changes for the year:			
Service Cost	502,860	-	502,860
Interest	213,413	-	213,413
Difference between expected and actual		-	
experience	9,636		9,636
Changes in assumptions or other inputs	(20,008)	-	(20,008)
Contributions - employer	-	447,231	(447,231)
Net investment income	-	86,383	(86,383)
Net Benefit payments	(447,231)	(447,231)	-
Net changes	258,670	86,383	172,287
Balance as of June 30, 2021	$ 10,137,767	$ 305,117	$ 9,832,650

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2019, adopted by LGERS.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the Town's net OPEB liability calculated using the discount rate of 2.16 percent, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16 percent) or one percentage point higher (3.16 percent) than the current rate:

	1% Decrease	Discount Rate (2.16%)	1% Increase
Net OPEB liability	$ 11,092,833	$ 9,832,650	$ 8,769,688

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Net OPEB liability	$ 8,524,612	$ 9,832,650	$ 11,451,738

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of $847,953. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 417,200	$ -
Changes of assumptions	819,573	255,008
Net difference between projected and actual earnings on plan investments	-	49,053
Total	$ 1,236,773	$ 304,061

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

2022	$ 146,445
2023	148,634
2024	202,344
2025	226,549
2026	209,345
Thereafter	(604)

3. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer state-administered cost-sharing plan funded on a one year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit may not exceed $50,000 or be less than $25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and other benefit amount. The Town considers these contributions to be immaterial. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2021, the Town made contributions to the State for death benefits of $6,706. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .07% and .14% of covered payroll respectively.

The Town has also elected to provide additional death benefits to all active employees through a commercial carrier. Benefits are equal to one times an employee's salary, based on their annual salary at July 1. Retirees are covered for a benefit amount of $25,000 until they reach Medicare age.

4. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end is comprised of the following:

		Statement of Net Position
Contributions to pension plan in the current fiscal year LGERS	$	794,975
Benefit payments made for LEOSSA subsequent to measurement date		24,316
Benefit payments made for OPEB subsequent to measurement date		-
Differences between expected and actual experience		982,187
Changes of assumptions		1,469,939
Net difference between projected and actual earnings on plan investments		498,389
Changes in proportion and difference between contributions and proportionate share of contributions		52,928
Total	$	3,822,734

Deferred inflows of resources at year-end is comprised of the following:

		Statement of Net Position		General Fund Balance Sheet
Taxes receivable (General Fund)	$	-	$	74,404
Privilege licenses receivable (General Fund)		-		8,550
Differences between expected and actual experience		152,960		-
Changes in assumptions		280,964		-
Net difference between projected and actual earning on plan investments		49,053		-
Changes in proportion and difference between contributions and proportionate share of contributions		-		-
Total	$	482,977	$	82,954

5. Commitments

As disclosed under lease agreements, the Town has subordinated financial claims for the Outer Banks Chamber of Commerce lease from the Town. Under the lease agreement, the Town has the right to cure should the Chamber of Commerce default on its obligation relating to improvements on the leased property. The Town has the right to assume the obligation and has full recourse against the Chamber of Commerce.

The Town was committed under various open purchase orders and contracts as of June 30, 2021. Those amounts which relate to the General Fund and are included in the stabilization by state statute in the fund balance section of the Combined Balance Sheet (Exhibit 3) of $922,763 are primarily for improvements to Meekins Field, Hayman Park playground equipment, construction of Moor Shores estuarine access, and FY 20-21 street projects.

Commitments relating to capital project funds included contracts for design and pre-construction services for the 2022 Beach Nourishment project ($46,341) and a site plan for the public works complex final phase ($1,210).

The outstanding contracts that relate to the Water Fund total $256,705 and are primarily for the KDH water master plan project, 8th Street tank project, W Third St water main improvement, and KDH water system interconnection with Dare County.

The Wastewater Fund had one commitment of $3,148 for the replacement of a check valve and gate valve.

6. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of $3 million per occurrence, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to statutory limits, and employee health coverage up to a $2 million lifetime limit. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Program (NFIP). Because the Town is in or near an area designated as a Flood Hazard Zone due to ocean or sound waters by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of $500,000 per structure through the NFIP.

The Town carries a bond on its finance officer in the amount of $150,000, and on its tax collector in the amount of $10,000. Blanket coverage for all other employees is equivalent to $50,000 per occurrence.

7. Claims, Judgments and Contingent Liabilities

At June 30, 2021, in the opinion of the Town's management and the Town Attorney, the Town was not involved in any claims, judgments or contingent liabilities.

8. Long-Term Obligations

a. Direct Borrowing and Direct Placement Installment Purchase Contracts

In April 2014, the Town entered into a $1,048,175 direct borrowing installment purchase contract to finance a fire truck. The interest rate was 2.12% per annum fixed. The financing contract requires twenty semi-annual payments of $57,824 each. In January 2018, due to the corporate tax yield maintenance provision, the interest rate increased to 2.58%. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. Effective October 2018, the remaining eleven semi-annual payments are $58,659 each.

In February 2016, the Town entered into a $511,617 direct borrowing installment purchase contract to finance a fire pumper. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 1.87% per annum fixed. The financing contract requires fourteen semi-annual payments of $38,796 each.

In March 2018, the Town entered into a $1,083,447 direct borrowing installment purchase contract to finance various public safety vehicles, equipment, boat, streets vehicle, roller, and solid waste backhoe, vehicle, and two garbage trucks. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 2.64% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. The financing contract requires eight semi-annual payments of $141,728 each.

In February 2019, the Town entered into a $828,481 direct borrowing installment purchase contract to finance various vehicles for general government, public safety, streets, a Mack roll off and garbage truck for solid waste. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 2.71% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. The financing contract requires eight semi-annual payments of $108,504 each.

In May 2020, the Town entered into a $1,235,727 direct borrowing installment purchase contract to finance a variety of vehicles and equipment including two garbage trucks and police equipment. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 2.43% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. Unexpended proceeds at June 30, 2021, equaled $276,766. The financing contract requires eight semi-annual payments of $161,074 each.

In May 2021, the Town entered into a $505,613 direct borrowing installment purchase contract to finance a variety of vehicles and equipment including two garbage trucks and police equipment. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is .92% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. Unexpended proceeds at June 30, 2021, equaled $505,613. The financing contract requires eight semi-annual payments of $64,221 each.

In October 2015, the Town entered into a direct borrowing installment purchase contract with a financial institution for $2,337,660 over 15 years at a fixed rate of 2.68%. The agreement provided financing for Phase II improvements of the Town's Public Works Complex. This property is pledged as collateral for the debt while the debt is outstanding.

In June 2016, the Town issued direct placement special obligation bonds in the amount of $5,036,691 under a five year installment financing agreement with PNC Bank to fund a portion of beach nourishment costs. The financing contract requires semi-annual interest payments beginning in December 2016, and annual principal payments beginning in December 2017 with fixed interest rate of 1.64% for 5 years. The debt is secured by occupancy tax revenues and amounts distributed from Dare County to the Town under an inter-local agreement dated April 22, 2015 and updated on June 6, 2016.

In January 2019, the Town entered into a direct borrowing installment purchase contract with a financial institution for $4,564,956 over 15 years at a fixed rate of 4.070%. The agreement provided financing for Phase III improvements of the Town's Public Works Complex. Unexpended proceeds at June 30, 2021 equal $536,404. This property is pledged as collateral for the debt while the debt is outstanding.

Annual debt service payments on these installment purchases of June 30, 2021 including principal and interest are as follows (Governmental Activities):

Year Ending June 30	Principal	Interest
2022	$ 2,433,559	$234,724
2023	1,157,673	189,421
2024	804,205	159,296
2025	524,101	138,882
2026	460,174	122,025
2027-2031	2,145,026	362,729
2032-2034	760,825	46,449
	$ 8,285,563	$ 1,253,526

In March 2010, the Town entered into a direct borrowing installment purchase contract with The North Carolina Department of Environment and Natural Resources for a water project in the principal sum of $112,522. As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the unpaid principal sum was immediately reduced by one half of the loan amount as principal forgiveness. Interest on the balance of $56,261 accrues at 0% over a period of twenty years.

Annual debt service requirements for Purchase Contracts as of June 30, 2021, are as follows (Business-type Activities):

Year Ending June 30	Principal	Interest
2022	$ 2,813	$ -
2023	2,813	-
2024	2,813	-
2025	2,813	-
2026	2,813	-
2027-2030	8,439	-
	$22,504	$ -

b. Legal Debt Margin

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the Town's boundaries. The legal debt margin for the Town of Kill Devil Hills is $229,206,314. The Town had no outstanding bonded debt subject to the limitation at June 30, 2021.

c. Changes in General Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2021:

	July 1, 2020	Increases	Decreases	June 30, 2021	Current Portion of Balance
Government activities:					
Direct Borrowing Installment Purchase	$ 8,418,819	$ 505,613	$ 1,646,202	$ 7,278,230	$ 1,467,512
Direct Placement Installment Purchase	2,014,677	-	1,007,338	1,007,339	958,761
Compensated absences-net	829,090	682,026	640,880	870,236	600,000
Net Pension Liability (LGERS)	2,370,913	753,507	-	3,124,420	-
Total Pension Liability (LEO)	1,175,808	294,446	-	1,470,254	-
Net OPEB Liability	8,522,372	151,992	-	8,674,364	-
Total	$ 23,331,679	$ 2,387,584	$ 3,294,420	$ 22,424,843	$ 3,026,273

	July 1, 2020	Increases	Decreases	June 30, 2021	Current Portion of Balance
Business-type activities:					
Direct Borrowing Installment Purchase	$ 28,131	$ -	$ 2,813	$ 25,318	$ 2,813
Compensated absences-net	86,148	88,644	80,146	94,646	70,000
Net Pension Liability (LGERS)	316,588	100,615	-	417,203	-
Net OPEB Liability	1,137,991	20,295	-	1,158,286	-
Total	$ 1,568,858	$ 209,554	$ 82,959	$ 1,695,453	$ 72,813

Compensated absences for governmental and business-type activities have typically been liquidated in the General Fund and Water Fund respectively, and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. For governmental activities, the net pension obligation is liquidated by the General Fund.

9. Interfund Receivables, Payables, and Transfers

Interfund

Receivable/Payable:

Receivable Fund	Payable Fund	Amount
Water Fund	Wastewater Fund	$ 473,898

The Town was forced into receivership of the Ocean Acres Wastewater Treatment System (OAWWTS) in 1985 as it was severely out of compliance with its permit and company finances were in arrears. Following was a long and complicated history that in 2005 finally resulted in the Town's ability to eliminate the OAWWTS in favor of connecting all customers to the privately-owned Kill Devil Hills Wastewater Treatment Plant, LLC, thus increasing the customer base which will eventually allow for repayment of this loan.

Transfers to/from other funds at June 30, 2021, consist of the following:

From capital reserve fund to general fund (for capital projects) $421,383
From wastewater fund to water fund (to repay wastewater debt) $18,750
From capital project fund to capital reserve fund (for beach nourishment) $372,071
From general fund to capital project fund (for beach nourishment) $368,217

10. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2021, the Town has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of $16,695 for the 23 volunteer firefighters and the 20 employed firefighters who perform firefighting duties for the Town's Fire Department. The volunteers and employees elected to be members of the Firemen's and Rescue Worker's Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Pension Fund is funded by a $10 monthly contribution paid by each member, investment income, and a State appropriation.

11. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	$ 33,173,649	$ 15,541,397
(less): long-term debt net of unexpended debt proceeds	(6,966,780)	(25,318)
Net investment in capital asset	$ 26,206,869	$ 15,516,079

12. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance-General Fund	$	21,988,046
Less:		
Inventories		177,935
Prepaid items		1,037
Stabilization by State statute		3,485,987
Public Safety		20,373
Streets-Powell Bill		43,174
Capital Reserve Fund		2,913,193
Appropriated Fund Balance in 2021 budget		1,953,126
Working Capital/Fund Balance Policy		7,559,048
Remaining Fund Balance	$	5,834,173

Each year during budget preparation the Board of Commissioners provides verbal guidance on the Town's minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 35% of budgeted expenditures. The minimum fund balance amount may change each year at the discretion of the Board depending on budget projections.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Other Minor Funds	Enterprise Funds
	$ 922,763	$ 47,551	$ 259,853

NOTE 3. LEASE AGREEMENT

The Town entered into a lease agreement to rent land on the Baum Tract to the Outer Banks Chamber of Commerce (lessee) in April 1986. The term of the lease was for ten consecutive years and the Town received rent from the lessee of $100 per month for the term of the lease. The lease has a renewal option of ten additional years that can be exercised for five successive terms. This lease was renewed in April 1996 for an additional ten years, renewed again in March 2006 for a second renewal of ten years, and renewed in February 2016 for the third renewal of ten years. The lessee has constructed real property on the land, and the Town will subordinate financial claims to the mortgage holder for an amount not to exceed 80% of the value of such real property. At the termination of the lease the property and improvements thereon shall become the sole property of the Town. This lease was amended in March 1995 and provided that in addition to the cash rent, the lessee shall provide to the Town of Kill Devil Hills the highest type of benefit membership to the Outer Banks Chamber of Commerce without costs.

NOTE 4. WATER PURCHASE CONTRACT

A revised water agreement with Dare County and the Town of Nags Head was signed on October 4, 1996. Water is purchased from Dare County based on the Dare County wholesale water rate. The wholesale water rate paid during the June 30, 2021 fiscal year was $1.924 and $2.152 per thousand gallons.

NOTE 5. INTANGIBLE WATER RIGHTS

On October 4, 1996, the Town approved a revised water agreement with Dare County and the Town of Nags Head which allocates 3 million gallons per day of water from the system capacity, inclusive of expansions. The Town of Kill Devil Hills will bear all costs and expenses associated with expansions requested or required by the Town. Prior to this agreement, the Town had paid $3,610,620 towards the construction of the reverse osmosis water desalination plant.

The intangible water rights are being amortized over 40 years. This time period corresponds to the estimated useful life of the reverse osmosis water desalination plant. On June 30, 2021, accumulated amortization was $2,806,469.

NOTE 6. JOINTLY GOVERNED ENTITY

The Local Government Community Access Channel continues to be administered by Dare County, with guidance and input by the participating municipalities including, but not necessarily limited to, establishing an annual budget for operation of the channel and adoption of policies on channel programming.

NOTE 7. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs. The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. No provision has been made in the accompanying financial statements for the refund of grant monies, as management believes that any required refunds will be immaterial.

NOTE 8. SUBSEQUENT EVENTS

During the fiscal year ended June 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus disease "COVID-19" and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Beginning with June 2020, and continuing through this report date, the Town has seen significant revenue increases in sales taxes, occupancy taxes, the land transfer tax, and various related real estate and construction driven revenues, the result of increased visitation and real estate activity. Management believes the Town has taken and is taking appropriate actions to mitigate negative impacts which have been funded through CARES Act grants, FEMA, and the American Rescue Plan. The full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

Management has evaluated subsequent events through November 15, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employee's Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Schedule of Changes in Pension Liability
Law Enforcement Officers' Special Separation Allowance

Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance

Schedule of Changes in Total OPEB Liability and Related Ratios

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS*

Local Government Employees' Retirement System

	2021	2020
Kill Devil Hills' proportion of the net pension liability (asset) (%)	0.10%	0.10%
Kill Devil Hills' proportion of the net pension liability (asset) ($)	$ 3,541,623	$ 2,687,500
Kill Devil Hills' covered payroll*	$ 7,281,756	$ 6,874,637
Kill Devil Hills' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	48.64%	39.09%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

2019	2018	2017	2016	2015	2014
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
$ 2,372,816	$ 1,518,557	$ 2,152,048	$ 439,863	$ (584,202)	$ 1,209,000
$ 6,563,627	$ 6,510,677	$ 6,109,672	$ 5,954,373	$ 5,833,247	$ 5,351,780
36.15%	23.32%	35.22%	7.39%	(10.02%)	22.59%
91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

Local Government Employees' Retirement System

	2021	2020
Contractually required contribution	$ 794,975	$ 662,229
Contributions in relation to the contractually required contribution	794,975	662,229
Contribution deficiency (excess)	$ -	$ -
Kill Devil Hills' covered payroll	$ 7,732,141	$ 7,281,756
Contributions as a percentage of covered payroll	10.28%	9.09%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

EXHIBIT A-2

2019	2018	2017	2016	2015	2014
$ 542,940	$ 502,297	$ 481,666	$ 418,284	$ 426,043	$ 415,347
542,940	502,297	481,666	418,284	426,043	415,347
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,874,637	$ 6,563,627	$ 6,510,677	$ 6,109,672	$ 5,954,373	$ 5,833,247
7.90%	7.65%	7.40%	6.85%	7.16%	7.12%

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2021

	2021	2020
Beginning Balance	$ 1,175,808	$ 930,836
Service Cost	45,553	44,814
Interest on the total pension liability	37,539	32,997
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(144,889)	178,122
Changes of assumptions or other inputs	404,874	37,670
Benefit payments	(48,631)	(48,631)
Other changes	-	-
Ending balance of the total pension liability	$ 1,470,254	$ 1,175,808

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

EXHIBIT A-3

2019	2018	2017
$ 940,269	$ 902,881	$ 895,538
49,739	42,525	45,544
29,130	34,306	31,168
-	-	-
(10,444)	(72,513)	-
(40,984)	61,322	(24,417)
(36,874)	(28,252)	(44,952)
-	-	-
$ 930,836	$ 940,269	$ 902,881

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FIVE FISCAL YEARS

	2021	2020	2019
Total pension liability	$ 1,470,254	$ 1,175,808	$ 930,836
Covered payroll	1,682,842	1,637,083	1,613,845
Total pension liability as a percentage of covered payroll	87.37%	71.82%	57.68%

Notes to the schedules:

The Town of Kill Devil Hills has no assets accumulated in a trust that meets paragraph 4 of GASB Statement 73 to pay related benefits.

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

EXHIBIT A-4

2018	2017
$ 940,269	$ 902,881
1,591,980	1,690,181
59.06%	53.42%

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

June 30, 2021

Total OPEB Liability	2021	2020	2019	2018
Beginning Balance as restated	$ 9,879,097	$ 8,000,456	$ 7,384,841	$ 7,549,376
Service Cost	502,860	373,213	343,907	374,355
Interest	213,413	272,503	255,861	221,571
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	9,636	509,814	66,206	69,333
Changes of assumptions	(20,008)	1,156,153	(261,625)	(450,541)
Benefit payments	(447,231)	(433,042)	(398,981)	(379,253)
Net Change in total OPEB liability	258,670	1,878,641	5,368	(164,535)
Ending balance of the total pension liability	$ 10,137,767	$ 9,879,097	$ 7,390,209	$ 7,384,841
Covered payroll	$ 7,342,664	$ 7,342,664	$ 5,824,231	$ 5,824,231
Total OPEB liability as a percentage of covered payroll	138.07%	134.54%	126.89%	126.80%

Notes of Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

Fiscal Year	Rate
2021	2.16%
2020	2.21%
2019	3.89%
2018	3.18%

* The amounts presented were determined as of the prior fiscal year ending June 30.

These schedules are presented to illustrate the requirement for specified information for 10 years. However, unitl a full 10-year trend is compiled, information is only presented for those years for which information is available.

MAJOR GOVERNMENTAL FUNDS

The **General Fund** is used to account for resources traditionally associated with governments that are not required legally or by sound financial management to be accounted for in another fund.

The **Capital Reserve Fund** is a legally adopted Capital Reserve Fund, which has been consolidated with the General Fund in the basic financial statements, and accounts for the accumulation of funds for recreation, street, and shoreline project uses.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad Valorem Taxes:				
Current year	$	$ 9,491,968	$	$ 8,800,000
Municipal service district		493,586		513,498
Prior years		55,682		29,731
Less payments to other governments		(3,512)		(4,805)
Penalties and interest		25,010		12,678
	9,518,709	10,062,734	544,025	9,351,102
Other Taxes and Licenses:				
Privilege licenses:				
Current		7,418		8,167
Penalties		22		4
Local option sales tax		3,407,111		2,603,394
Local option sales tax MSD		208,615		161,446
Occupancy tax		4,228,903		2,740,880
Land transfer tax		1,638,790		719,654
Solid waste disposal tax		5,522		5,498
	5,825,580	9,496,381	3,670,801	6,239,043
Unrestricted Intergovernmental Revenues:				
Utilities sales tax		729,590		757,874
Piped natural gas sales tax		3,889		4,084
Sales tax - telecom services		44,090		52,618
Sales tax - video programming		142,828		145,827
PEG channel support		26,717		27,307
Wine and beer tax		30,815		31,251
ABC revenue		23,341		20,627
Mixed beverage tax		32,227		41,167
	1,108,756	1,033,497	(75,259)	1,080,755
Restricted Intergovernmental Revenues:				
Federal and State:				
FEMA Florence		-		37,990
FEMA Michael		-		14,417
FEMA Dorian		-		55,173
Powell Bill allocation		228,370		241,387
Drug enforcement reimbursement		826		2,115
Grant - Shoreline Management		119,000		-
Grant - USDOJ Body Armor		1,712		-
Grant - Gov't Access Channels		5,000		10,000
Grant - DCTB - Fireworks		12,831		13,125
Grant - DCTB - Sidewalk Grant		55,618		-
Grant - Crime Commission		30,463		-
Grant - NCLM Wellness		2,500		1,136
Beach nourishment reimbursement		-		118,604
Dare County - COVID-19		61,298		36,465
	822,261	517,618	(304,643)	530,412

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Permits and Fees:				
Building permits	$	$ 356,311	$	$ 339,249
Occupancy permit fees		4,000		3,900
Site plan review fees		88,383		16,681
Other planning fees		7,229		7,506
CAMA implement and enforcement payments		2,530		2,550
Homeowner recovery fees		82		66
Taxi ordinance fees		75		95
	348,400	458,610	110,210	370,047
Sales and Services:				
Animal Control fees:				
Boarding and adoption		3,873		1,600
Dog licenses		607		788
Rabies vaccination		154		98
Court costs and fees		2,916		2,564
Finger print fees		70		670
Buy gold application fee		142		-
Rollout container sales		35,986		26,692
Dumpster sales		46,900		44,761
Cookbook sales		20		120
	111,101	90,668	(20,433)	77,293
Investment Earnings:				
Investment earnings		66,547		257,136
Change in fair value of investments		(134,058)		67,456
Net investment earnings (loss)	140,000	(67,511)	(207,511)	324,592
Other revenues:				
Miscellaneous		41,760		23,989
Discounts on purchases		2,307		25,804
Rental of government owned property		132,691		124,309
Contributions		8,720		1,200
Insurance Proceeds		38,503		101,498
	184,162	223,981	39,819	276,800
TOTAL REVENUES	18,058,969	21,815,978	3,757,009	18,250,044

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES				
General Government:				
Administration:				
Administrative costs:				
Board of commissioner fees	$	$ 47,000	$	$ 48,363
Video taping		2,661		2,264
Legal services		37,960		34,835
Travel and training-board		4,074		1,603
Election costs		-		6,379
		91,695		93,444
Salaries and benefits:				
Salaries		601,880		567,717
FICA expense		46,150		44,269
Funding for health plan		114,612		87,995
Retirement		61,763		51,626
401K retirement		29,571		28,500
		853,976		780,107
Operating expenditures:				
Professional services		9,347		8,592
Engineering services		6,235		30,899
Telephone		19,140		21,135
Travel and training		9,506		4,387
Insurance claims		3,453		1,119
M&R - Storm repairs		-		1,350
Outside maintenance		296		7
Fleet maintenance		446		633
Communications		986		215
Maintenance contracts		5,441		785
Printing		5,712		553
Equipment rental		4,053		4,053
Copier lease		4,193		5,617
Partnerships		30,000		30,000
Tuition reimbursement		886		-
Advertising		12,147		10,009
Vehicle fuel		106		140
Supplies and materials		12,643		6,497
Contracted services		36,646		35,720
Dues and subscriptions		12,117		12,352
Worker's compensation		2,865		2,811
Miscellaneous		4		35
Miscellaneous-special events		52,604		51,698
Miscellaneous-wellness program		3,336		1,291
Miscellaneous-Board of Commissioners		186		38
		232,348		229,936

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Administration (continued):				
Reimbursement:				
Reimbursement - Proprietary fund	$	$ (116,554)	$	$ (106,247)
		(116,554)		(106,247)
Total	1,196,868	1,061,465	135,403	997,240
Finance and Tax:				
Salaries and benefits:				
Salaries		525,919		498,867
FICA expense		39,169		37,246
Funding for health plan		90,189		80,353
Retirement		53,925		45,157
401K retirement		26,296		24,889
		735,498		686,512
Operating expenditures:				
Audit		28,150		16,590
Tax collection fee		155,261		145,366
Postage		3,523		5,607
Travel and training		5,436		6,225
Communications		138		90
Printing		989		630
Copier lease		6,041		6,026
Supplies and materials		5,533		4,453
Contracted services		16,364		15,989
Departmental supplies		4,039		6,041
Departmental charges		(4,039)		(6,041)
Dues and subscriptions		757		1,117
General insurance		154,913		165,227
Retiree health insurance		391,126		378,490
OPEB Irrevocable trust		-		225,000
Worker's compensation		865		735
Unemployment insurance		2,016		403
Miscellaneous		-		2
		771,112		971,950
Reimbursement:				
Reimbursement - Proprietary fund		(94,498)		(88,576)
		(94,498)		(88,576)
Total	1,498,048	1,412,112	85,936	1,569,886

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Management Information Services				
Salaries and benefits:				
Salaries	$	$ 103,670	$	$ 100,651
FICA expense		7,632		7,408
Funding for health plan		22,690		20,903
Retirement		10,631		9,109
401K retirement		5,184		5,033
		149,807		143,104
Operating expenditures:				
Travel and training		-		625
Insurance claims		-		5,203
Outside maintenance and repairs		6,992		3,022
Maintenance contracts		132,068		105,111
Supplies and materials		37,853		39,431
Contracted services		14,956		15,613
Worker's compensation		169		160
Dues and subscriptions		11,996		11,943
Installment note payments		13,564		48,381
		217,598		229,489
Capital outlay:				
Office furniture and equipment		-		9,575
		-		9,575
Reimbursement:				
Reimbursement - Proprietary fund		(47,234)		(49,703)
		(47,234)		(49,703)
Total	331,316	320,171	11,145	332,465
Planning and Development:				
Salaries and benefits:				
Salaries		530,510		489,722
FICA expense		39,499		36,544
Funding for health plan		104,978		95,426
Retirement		53,846		44,333
401K retirement		24,931		23,308
		753,764		689,333
Operating expenditures:				
Planning and zoning board fees		10,210		9,720
Professional services		-		1,185
Travel and training		4,164		4,284
Outside maintenance and repairs		98		21
Fleet maintenance		875		1,656
Communications		1,962		1,914

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Planning and Development (continued):				
Operating expenditures (continued):				
Equipment rental	$	$ 3,279	$	$ 3,211
Copier lease		3,836		4,015
Advertising		-		157
Vehicle fuel		1,932		2,212
Supplies and materials		3,450		3,113
Land Use plan		1,022		-
Recordation Fees		8		67
Dues and subscriptions		2,642		2,515
Worker's compensation		7,479		6,259
Miscellaneous		-		37
Installment note payments		13,547		3,874
		54,504		44,240
Capital outlay:				
Vehicle		43,937		30,619
		43,937		30,619
Reimbursement:				
Reimbursement - Proprietary fund		(71,657)		(70,846)
		(71,657)		(70,846)
Total	895,208	780,548	114,660	693,346
Buildings and Grounds:				
Salaries and benefits:				
Salaries		271,954		249,794
FICA expense		19,309		17,754
Funding for health plan		98,109		90,311
Retirement		27,900		22,613
401K Retirement		12,469		11,448
		429,741		391,920
Operating expenditures:				
Professional Services		-		1,500
Repairs and maintenance:				
Utilities		65,252		56,891
Buildings and grounds		41,385		184,247
HVAC		47,876		31,204
Sandfence		24,000		-
Shoreline accesses		42,240		58,140
Recreational facilities		14,592		38,704
Landscaping		6,801		3,402
Sign maintenance		675		1,450
Special Event displays		3,564		17,143

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Buildings and Grounds (continued):				
Operating expenditures (continued):				
Outside maintenance and repairs	$	$ 4,177	$	$ 2,223
Insurance claims		2,945		20,324
Storm repairs - Dorian		-		4,110
Fleet maintenance		4,100		5,198
Equipment maintenance		999		7,757
Equipment rental		-		4,540
Communications		1,369		1,301
Copier Lease		162		155
Vehicle fuel		3,914		3,303
Supplies and materials		39,918		35,218
Uniforms		1,349		1,478
Contracted services		41,012		36,815
Worker's compensation		7,480		6,290
Installment note payments		694,817		942,802
		1,048,627		1,464,195
Capital outlay:				
Land		-		1,299
Buildings		6,085		62,387
Other improvments		34,021		454,426
Meekins Field		149,801		-
Soundside Access		15,940		-
E Ocean Bay Blvd		-		61,230
Machinery & equipment		-		43,540
Vehicles		37,676		-
		243,523		622,882
Reimbursement:				
Reimbursement - Proprietary fund		(284,829)		(49,053)
		(284,829)		(49,053)
Total	2,562,793	1,437,062	1,125,731	2,429,944
Beach Nourishment:				
Operating expenditures:				
Legal Services		150		225
Tax collection fee		4,891		3,413
Audit		2,885		1,750
Beach Nourishment		66,219		127,626
Installment note payment		1,032,119		1,048,638
		1,106,264		1,181,652
Capital outlay:				
Beach nourishment		-		8,616
		-		8,616
Total	1,281,571	1,106,264	175,307	1,190,268
Total General Government	7,765,804	6,117,622	1,648,182	7,213,149

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Public Safety:				
Police:				
Salaries and benefits:				
Salaries	$	$ 2,044,679	$	$ 1,930,259
FICA expense		153,979		145,463
Funding for health plan		487,396		451,715
Retirement		221,226		186,527
5% 401K retirement		97,292		91,183
3% 401K retirement		2,966		3,198
Seperation Allowance		48,818		49,006
		3,056,356		2,857,351
Operating expenditures:				
Professional services		178		677
Travel and training		5,473		6,181
Firing range		2,600		2,600
Insurance claims		20,949		12,393
Outside maintenance and repairs		7,537		4,655
Fleet maintenance		10,663		14,369
Communications		28,004		27,884
Maintenance contracts		-		-
Printing		-		221
Copier lease		5,246		5,071
Vehicle fuel		47,040		41,867
Supplies and materials:				
General		62,830		22,409
Criminal		1,769		1,434
Weapons		-		15,452
Radar		-		11,355
AEDs		5,294		-
Car Radios		10,756		12,912
Handheld Radios		11,424		-
Uniforms		18,020		18,965
Crime prevention		1,575		1,020
Controlled substances		2,000		2,000
Contracted Services		110		-
Dues and subscriptions		1,688		1,638
Worker's compensation		38,567		43,799
Miscellaneous		12		514
Installment note payments		216,736		206,387
		498,471		453,803
Capital outlay:				
Machinery and equipment		-		-
Vehicles		248,297		327,592
		248,297		327,592
Total	4,130,644	3,803,124	327,520	3,638,746

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Animal Control:				
Salaries and benefits:				
Salaries	$	$ 106,195	$	$ 98,275
FICA expense		8,095		7,533
Funding for health plan		19,973		18,394
Retirement		10,876		8,897
401K retirement		5,310		4,914
		150,449		138,013
Operating expenditures:				
Insurance claims		-		1,000
Outside maintenance and repairs		26		26
Fleet maintenance		1,251		483
Communications		470		480
Printing		-		-
Vehicle fuel		1,927		2,207
Supplies and materials		2,168		2,385
Uniforms		695		705
Worker's compensation		1,377		1,315
Installment note payments		13,343		17,644
		21,257		26,245
Total	181,615	171,706	9,909	164,258
Fire:				
Salaries and benefits:				
Salaries		1,394,522		1,335,916
FICA expense		101,675		97,625
Funding for health plan		367,115		337,547
Retirement		141,453		120,147
401K retirement		67,377		64,909
		2,072,142		1,956,144
Operating expenditures:				
Professional services		10,975		13,459
Travel and training		6,625		6,531
Insurance claims		1,000		2,540
Outside maintenance and repairs		20,356		17,983
Fleet maintenance		23,538		12,432
Communications		6,944		6,357
Printing		115		294
Copier lease		2,696		2,316

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Fire (continued):				
Operating expenditures (continued):				
Vehicle fuel	$	$ 11,073	$	$ 10,680
Supplies and materials		35,444		35,655
USDHS Firefighters		-		-
SCBA equipment		4,350		4,350
Uniforms		31,358		31,102
Contracted Services		1,200		-
Dues and subscriptions		4,150		4,246
Worker's compensation		37,076		32,421
Firemen's pension		3,960		4,360
Installment note payments		221,458		261,629
		422,318		446,355
Capital outlay:				
Machinery and equipment		-		-
		-		-
Total	2,586,182	2,494,460	91,722	2,402,499
Ocean Rescue:				
Salaries and benefits:				
Salaries		511,690		468,287
FICA expense		39,156		35,834
Funding for health plan		15,807		9,286
Retirement		10,976		9,297
401K retirement		3,805		3,666
		581,434		526,370
Operating expenditures:				
Professional services		2,255		2,750
Travel and training		150		953
Insurance claims		1,000		5,950
Outside maintenance and repairs		4,457		5,829
Fleet maintenance		1,166		981
Communications		456		489
Printing		983		800
Equipment rental		8,300		10,050
Copier lease		197		273
Vehicle fuel		3,140		2,811
Supplies and materials		22,794		16,262
Uniforms		7,459		7,158
Dues and subscriptions		60		-
Worker's compensation		13,412		9,096

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Ocean Rescue (continued):				
Installment note payments	$	$ 13,668	$	$ 11,925
		79,497		75,327
Capital outlay:				
Machinery and equipment		-		8,800
Vehicle		53,769		-
		53,769		8,800
Total	745,233	714,700	30,533	610,497
Total Public Safety	7,643,674	7,183,990	459,684	6,816,000
Transportation				
Streets:				
Salaries and benefits:				
Salaries		358,462		328,715
FICA expense		26,043		23,783
Funding for health plan		103,563		93,685
Retirement		36,777		29,756
401K retirement		17,923		16,436
		542,768		492,375
Operating expenditures:				
Utilities		104,549		106,467
Travel and training		418		-
Street maintenance		118,551		50,256
Sidewalks		30,700		16,245
Multi-use path		84,840		-
Storm maintenance - Dorian		-		2,000
Outside maintenance and repairs		5,036		12,800
Fleet maintenance		8,986		8,732
Communications		2,141		2,021
Equipment rental		1,789		-
Copier lease		334		369
Vehicle fuel		11,270		11,110
Supplies and materials		13,281		13,170
Uniforms		3,850		2,579
Contracted services		9,800		9,800
Dues and subscriptions		325		-
Worker's compensation		11,160		13,433
Installment note payments		114,484		155,484
		521,514		404,466

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Streets (continued):				
Capital outlay				
Machinery and equipment	$	$ 65,225	$	$ 22,735
Street construction		1,166,709		749,248
Sidewalks		160,084		3,700
		1,392,018		775,683
Total	2,681,271	2,456,300	224,971	1,672,524
Powell Bill:				
Operating expenditures:				
Professional services		175		845
Supplies and materials		17,601		11,311
		17,776		12,156
Capital outlay:				
Street construction		218,000		217,694
		218,000		217,694
Total	240,000	235,776	4,224	229,850
Total Transportation	2,921,270	2,692,076	229,195	1,902,374
Public Works:				
Fleet Maintenance:				
Salaries and benefits:				
Salaries		278,913		263,447
FICA expense		20,798		19,652
Funding for health plan		63,402		57,960
Retirement		28,610		23,849
401K retirement		13,946		13,124
		405,669		378,032
Operating expenditures:				
Travel and training		-		280
Outside maintenance and repairs		4,291		3,826
Fleet maintenance		441		620
Communications		480		480
Maintenance contracts		1,175		1,175
Printing		1,141		-
Copier lease		238		163
Vehicle fuel		1,332		901
Supplies and materials		15,128		11,014
Uniforms		2,417		1,711

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Fleet Maintenance (continued):				
Operating expenditures (continued):				
Fleet maintenance supplies	$	$ 132,426	$	$ 128,490
Fuel		152,626		136,977
Dues and subscriptions		1,000		840
Worker's compensation		6,949		6,666
Installment note payments		14,772		12,647
Departmental charges		(284,609)		(267,734)
		49,807		38,056
Capital outlay:				
Machinery and equipment		6,199		-
Vehicle		44,505		-
		50,704		-
Reimbursement - Proprietary fund		(53,158)		(48,864)
		(53,158)		(48,864)
Total Public Works	500,385	453,022	47,363	367,224
Environmental Protection:				
Solid Waste:				
Salaries and benefits:				
Salaries		617,930		587,371
FICA expense		44,783		42,770
Funding for health plan		191,066		167,005
Retirement		62,686		52,003
401K retirement		30,448		28,656
		946,913		877,805
Operating expenditures:				
Travel and training		12		-
Insurance claims		-		2,000
Storm repairs - Dorian		-		10,075
Outside maintenance and repairs		45,974		8,142
Fleet maintenance		77,304		83,860
Communications		3,843		3,652
Printing		1,052		1,236
Copier lease		334		369
Vehicle fuel		63,645		57,321
Supplies and materials		26,716		25,449
Uniforms		7,268		5,481
Contracted services		34,675		14,500
Contracted services - tipping fees		923,706		804,202
Purchases for resale:				
Dumpsters		47,493		46,299
Rollout carts		36,595		11,503
Household hazardous waste		3,063		3,157
Dues and subscriptions		235		75

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Solid Waste (continued):				
Operating expenditures (continued):				
Worker's compensation	$	$ 21,956	$	$ 21,537
Installment note payments		594,642		590,878
		1,888,513		1,689,736
Capital outlay:				
Machinery and equipment		7,195		-
Vehicles		1,004,091		2,000
		1,011,286		2,000
Total Environmental Protection	3,954,333	3,846,712	107,621	2,569,541
TOTAL EXPENDITURES	22,785,466	20,293,422	2,492,045	18,868,288
REVENUES (UNDER) OVER EXPENDITURES	(4,726,497)	1,522,556	6,249,054	(618,244)
OTHER FINANCING SOURCES (USES)				
Direct borrowing	505,613	505,613	-	1,235,727
Sale of capital assets	20,000	191,218	171,218	26,224
Transfer from capital reserve fund	185,709	421,383	235,674	305,769
Transfer to capital project fund	(368,217)	(368,217)	-	-
Appropriated fund balance	2,708,581	-	(2,708,581)	-
Appropriated fund balance - encumbrances	1,674,811	-	(1,674,811)	-
	4,726,497	749,997	(3,976,500)	1,567,720
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	$ -	2,272,553	$ 2,272,554	949,476
FUND BALANCE				
Fund balance, beginning		16,802,300		15,852,824
Fund balance, end of year		$ 19,074,853		$ 16,802,300

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Investment earnings:				
Investment earnings	$ -	$ 26,342	$ 26,342	$ 60,832
Change in fair value of investments	-	(24,804)	(24,804)	12,969
Net investment earnings (loss)	-	1,538	1,538	73,801
TOTAL REVENUES	-	1,538	1,538	73,801
REVENUES OVER (UNDER) EXPENDITURES	-	1,538	1,538	73,801
OTHER FINANCING SOURCES (USES)				
Transfer to general fund	(553,926)	(421,383)	132,543	(305,769)
Transfer from capital project fund	372,071	372,071	-	-
Future Reserves	181,855	-	(181,855)	-
	-	(49,312)	(49,312)	(305,769)
REVENUES AND OTHER SOURCES OVER (UNDER) OTHER USES	$ -	(47,774)	$ (47,774)	(231,968)
FUND BALANCE				
Beginning of Year - July 1		2,960,967		3,192,935
End of Year - June 30		$ 2,913,193		$ 2,960,967

NON-MAJOR GOVERNMENTAL FUNDS

The **Public Works Final Phase Capital Project Fund** is used to account for the final construction of Public Works Complex additions to include a new solid waste building and renovation of the existing animal control facility.

Beach Nourishment Capital Project Fund. This fund is used to account for beach nourishment.

2022 Beach Nourishment Capital Project Fund. This fund is used to account for beach nourishment scheduled to take place in 2022.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	Beach Nourishment Capital Project Fund	2022 Beach Nourishment Capital Project Fund	PW Capital Project Fund	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ 428,113	$ -	$ 428,113
Restricted cash and cash equivalents	-	-	535,154	535,154
Due From Other Governments	-	5,955	-	5,955
Accrued Interest Receivable	-	359	-	359
Total assets	$ -	$ 434,427	$ 535,154	$ 969,581
LIABILITIES AND FUND BALANCE				
Liabillities:	$ -	$ 28,235	$ -	$ 28,235
Total liabilities	$ -	$ 28,235	$ -	$ 28,235
Fund balances:				
Assigned				
Beach Nourishment	-	406,192	-	406,192
Public Works Complex	-	-	535,154	535,154
Total fund balances	-	406,192	535,154	941,346
Total liabilities and fund balances	$ -	$ 434,427	$ 535,154	$ 969,581

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PUBLIC WORKS FINAL PHASE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
REVENUES					
Investment earnings:					
Interest earnings	$ -	$ 536	$ 77	$ 613	$ -
TOTAL REVENUES	-	536	77	613	613
EXPENDITURES:					
Capital outlay:					
Public Works	4,564,956	3,543,375	487,040	4,030,415	-
TOTAL EXPENDITURES	4,564,956	3,543,375	487,040	4,030,415	(4,030,415)
REVENUES (UNDER) EXPENDITURES	(4,564,956)	(3,542,839)	(486,963)	(4,029,802)	(4,029,802)
OTHER FINANCING SOURCES					
Direct borrowing	4,564,956	4,564,956	-	4,564,956	-
TOTAL OTHER FINANCING SOURCES	4,564,956	4,564,956	-	4,564,956	-
NET CHANGE IN FUND BALANCE	$ -	$ 1,022,117	(486,963)	$ 535,154	$ 535,154
FUND BALANCE					
Beginning of Year - July 1			1,022,117		
End of Year - June 30			$ 535,154		

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
BEACH NOURISHMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Restricted Intergovernmental Revenues:					
Grant - Shoreline Management	$ 3,909,119	$ 3,563,772	$ -	$ 3,563,772	$ -
Investment earnings:					
Interest earnings	-	27,012	-	27,012	-
Change in fair value of investments	-	564	-	564	-
	3,909,119	3,591,348	-	3,591,348	(317,771)
TOTAL REVENUES	3,909,119	3,591,348	-	3,591,348	(317,771)
EXPENDITURES:					
Capital outlay:					
Beach nourishment	9,645,810	8,807,166	-	8,807,166	-
	9,645,810	8,807,166	-	8,807,166	838,644
TOTAL EXPENDITURES	9,645,810	8,807,166	-	8,807,166	838,644
REVENUES OVER (UNDER) EXPENDITURES	(5,736,691)	(5,215,818)	-	(5,215,818)	520,873
OTHER FINANCING SOURCES					
Direct placement	5,036,691	5,036,691	-	5,036,691	-
Transfer from Capital Project Fund	-	1,198	-	1,198	1,198
Contribution from Capital Reserve Fund	700,000	550,000	-	550,000	(150,000)
Transfer to Capital Reserve Fund	-	-	(372,071)	(372,071)	(372,071)
TOTAL OTHER FINANCING SOURCES	5,736,691	5,587,889	(372,071)	5,215,818	(520,873)
NET CHANGE IN FUND BALANCE	$ -	$ 372,071	(372,071)	$ -	$ -
FUND BALANCE					
Beginning of Year - July 1			372,071		
End of Year - June 30			$ -		

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
2022 BEACH NOURISHMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
REVENUES					
Restricted Intergovernmental Revenues:					
Grant - NCDEQ	$ 1,456,879	$ -	$ 368,686	$ 368,686	$ -
Investment earnings:					
Interest earnings	-	-	1,801	1,801	-
Change in fair value of investments	-	-	(3,191)	(3,191)	-
	1,456,879	-	367,296	367,296	(1,089,583)
TOTAL REVENUES	1,456,879	-	367,296	367,296	(1,089,583)
EXPENDITURES:					
Capital outlay:					
Beach nourishment	1,825,096	-	329,321	329,321	-
	1,825,096	-	-	329,321	1,495,775
TOTAL EXPENDITURES	1,825,096	-	329,321	329,321	1,495,775
REVENUES OVER (UNDER) EXPENDITURES	(368,217)	-	37,975	37,975	406,192
OTHER FINANCING SOURCES					
Direct placement	-	-	-	-	-
Transfer from Capital Project Fund	-	-	-	-	-
Contribution from Capital Reserve Fund	368,217	-	368,217	368,217	-
TOTAL OTHER FINANCING SOURCES	368,217	-	368,217	368,217	-
NET CHANGE IN FUND BALANCE	$ -	$ -	406,192	$ 406,192	$ 406,192
FUND BALANCE					
Beginning of Year - July 1			-		
End of Year - June 30			$ 406,192		

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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government's council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund. This fund is used to account for activities of the Water Department.

Water Capital Reserve Fund. This fund is a statutorily required fund to account for system development fees restricted in use to system extension and replacement.

Wastewater Fund. This fund is used to account for the activities of the Wastewater Department.

Wastewater Capital Reserve Fund. This fund is a statutorily required fund to account for system development fees restricted in use to system extension and replacement.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues:				
Water sales	$	$ 4,455,878	$	$ 3,977,220
Water connection fees		65,417		69,599
Late payment penalties		13,170		29,200
Miscellaneous		36,650		27,925
Restricted intergovernmental		326,188		299,561
Total operating revenues	3,949,434	4,897,303	947,869	4,403,505
Non-operating revenues:				
Investment earnings		38,987		143,351
Change in fair value on investments		(68,467)		37,656
Net investment earnings (loss)		(29,480)		181,007
Total non-operating revenues	75,000	(29,480)	(104,480)	181,007
TOTAL REVENUES	4,024,434	4,867,823	843,389	4,584,512
EXPENDITURES				
Water Administration:				
Administrative costs:				
Legal services		7,725		7,740
		7,725		7,740
Salaries and benefits:				
Salaries		395,987		373,711
FICA expense		29,156		27,517
Funding for health plan		94,137		85,227
Retirement		40,582		33,827
401K retirement		18,790		17,785
		578,652		538,067
Operating expenditures:				
Engineering services		680		700
Audit		8,470		5,145
Postage		13,008		13,743
Telephone		6,332		6,379
Utilities		2,729		3,275
Travel and training		-		1,416
Maintenance and repairs:				
Buildings and grounds		6,331		56,748
Outside		241		328
Fleet maintenance		724		1,997
Communications		1,018		882
Maintenance contracts		1,814		-
Printing		3,786		3,391
Copier lease		1,565		1,289

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Water Administration (continued):				
Operating expenditures (continued):				
Advertising	$	$ 563	$	$ 362
Vehicle fuel		3,747		3,520
Supplies and materials		4,797		3,768
Uniforms		1,272		1,147
Contracted services		21,717		3,559
Contracted services:				
Water billing		5,172		4,298
Dues and subscriptions		3,554		3,418
General insurance		60,638		60,638
Retiree health insurance		56,105		58,214
Worker's compensation		4,104		4,015
Miscellaneous - special events		698		671
Reimbursement to General Fund		667,931		413,290
		876,996		652,193
Total	1,515,050	1,463,373	51,677	1,198,000
Water Treatment Plant:				
Salaries and benefits:				
Salaries		215,972		205,788
FICA expense		16,318		15,503
Funding for health plan		35,478		32,696
Retirement		22,144		18,629
401K retirement		10,798		10,289
		300,710		282,905
Operating expenditures:				
Professional services		737		595
Utilities		41,605		40,167
Travel and training		173		590
Insurance Claims		-		7,927
Plant repairs and maintenance		20,389		58,721
Outside repairs and maintenance		7,133		556
Fleet maintenance		926		463
Communications		642		577
Maintenance contracts		33,385		28,458
Equipment Rental		-		-
Copier lease		61		68
Vehicle fuel		1,799		1,484
Supplies and materials		4,509		3,847
Chemicals		8,201		8,843

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Water Treatment Plant:				
Operating expenditures (continued):				
Uniforms	$	$ 3,037	$	$ 2,134
Contracted services		3,133		3,108
Treated water costs		1,027,798		791,801
Dues and subscriptions		2,325		2,285
Worker's compensation		4,536		4,810
		1,160,389		956,434
Total	1,515,844	1,461,099	54,745	1,239,339
Water System:				
Salaries and benefits:				
Salaries		244,135		230,286
FICA expense		17,424		16,727
Funding for health plan		88,181		71,098
Retirement		25,029		20,848
401K retirement		9,728		9,188
		384,497		348,147
Operating expenditures:				
Travel and training		220		551
Maintenance and repairs:				
Buildings		2,443		7,895
Systems		55,447		82,811
Hydrants		4,799		5,486
Outside		9,463		10,517
Insurance Claims		-		693
Fleet maintenance		4,508		1,731
Communications		1,743		1,650
Copier lease		278		280
Vehicle fuel		5,348		3,952
Supplies and materials		3,778		10,351
Uniforms		2,545		2,112
Contracted services		1,385		1,497
Dues and subscriptions		150		120
Worker's compensation		5,081		5,339
		97,188		134,985
Total	546,422	481,685	64,737	483,132
Debt Service:				
Principal retirement	2,813	2,813	-	2,813
Total	2,813	2,813	-	2,813

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Capital outlay:				
Plant	$ 1,357,127	$ 1,180,287	$ 176,840	$ 1,749,104
Other improvements - capital	706,338	446,389	259,949	285,284
Machinery and equipment	-	-	-	33,787
Office furniture & equipment	19,300	17,488	1,812	-
Vehicle	30,000	23,196	6,804	30,444
Total	2,112,765	1,667,360	445,405	2,098,619
TOTAL EXPENDITURES	5,692,894	5,076,330	616,564	5,021,903
REVENUES OVER (UNDER) EXPENDITURES	(1,668,460)	(208,507)	1,459,953	(437,391)
OTHER FINANCING SOURCES (USES)				
Transfer from Wastewater Fund	18,750	18,750	-	18,750
Fund equity appropriations	1,649,710	-	(1,649,710)	-
TOTAL OTHER FINANCING SOURCES	1,668,460	18,750	(1,649,710)	18,750
REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES AND OTHER USES	$ -	$ (189,757)	$ (189,757)	$ (418,641)

RECONCILIATION OF BUDGETARY BASIS TO GAAP:

	2021	2020
Revenues over (under) expenditures and other financing uses - Water Fund (above)	$ (189,757)	$ (418,641)
Revenues over expenditures - Water Capital Reserve Fund	369,650	308,200
Principal retirement	2,813	2,813
Capitalized purchases	1,667,360	2,098,619
Loss on disposal of capital assets	(34,034)	
(Increase) decrease in accrued vacation payable	(8,498)	(13,152)
Increase in deferred outflows-pensions	48,270	(28,946)
Decrease in net pension obligation	(100,616)	(37,070)
Decrease in deferred inflows-pensions	-	1,446
Depreciation and amortization	(607,966)	(617,785)
Decrease in deferred outflows of resources - OPEB	(31,198)	154,631
(Increase) decrease in deferred inflows of resources - OPEB	4,288	24,107
(Increase) decrease in accrued OPEB liability	(20,295)	(195,537)
CHANGES IN NET POSITION	$ 1,100,017	$ 1,278,685

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
WATER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues:				
System development fees	$ 324,000	$ 369,800	$ 45,800	$ 308,200
Total operating revenues	324,000	369,800	45,800	308,200
Non-operating revenues:				
Interest Income	-	3,258	3,258	-
Change in fair value on investments	-	(3,408)	(3,408)	-
Net investment earnings (loss)	-	(150)	(150)	-
TOTAL REVENUES	324,000	369,650	45,650	308,200
EXPENDITURES				
Water system development:				
Extension and replacement	324,000	-	(324,000)	-
Total expenditures	324,000	-	(324,000)	-
REVENUES OVER EXPENDITURES	$ -	$ 369,650	$ 369,650	$ 308,200

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues:				
Wastewater sales	$	$ 199,227	$	$ 189,732
Wastewater connection fees		4,640		-
Late payment penalties		909		1,623
Total operating revenues	221,615	204,776	(16,839)	191,355
Non-operating revenues:				
Investment earnings		(72)		1,111
Total non-operating revenues	-	(72)	(72)	1,111
TOTAL REVENUES	221,615	204,704	(16,911)	192,466
EXPENDITURES				
Administrative costs:				
Legal services		535		-
Total administrative costs		535		-
Operating expenditures:				
Audit		850		515
Telephone		1,119		-
Utilities		1,783		-
Maintenance and repair - system		36,741		32,982
Supplies & materials		153		-
Contracted services		35,550		40,090
Treated wastewater costs		88,569		85,164
Total operating expenditures		164,765		158,751
Total	202,865	165,300	37,565	158,751
TOTAL EXPENDITURES	202,865	165,300	37,565	158,751
REVENUES OVER EXPENDITURES	$ 18,750	$ 39,404	$ 20,654	$ 33,715

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
OTHER FINANCING (USES)				
Transfer to Water Fund	$ (18,750)	$ (18,750)	$ -	$ (18,750)
TOTAL OTHER FINANCING (USES)	(18,750)	(18,750)	-	(18,750)
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	$ -	$ 20,654	$ 20,654	$ 14,965

RECONCILIATION OF BUDGETARY BASIS TO GAAP:	2021	2020
Revenues over expenditures	$ 20,654	$ 14,965
Revenues over expenditures - Wastewater Capital Reserve Fund	20,646	-
Depreciation	(105,983)	(108,904)
CHANGES IN NET POSITION	$ (64,683)	$ (93,939)

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
WASTEWATER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues:				
System development fees	$ 18,750	$ 20,681	$ 1,931	$ -
Total operating revenues	18,750	20,681	1,931	-
Non-operating revenues:				
Interest Income	-	69	69	-
Change in fair value on investments	-	(104)	(104)	-
Net investment earnings (loss)	-	(35)	(35)	-
TOTAL REVENUES	18,750	20,646	1,896	-
EXPENDITURES				
Water system development:				
Extension and replacement	18,750	-	(18,750)	-
Total expenditures	18,750	-	(18,750)	-
REVENUES OVER EXPENDITURES	$ -	$ 20,646	$ 20,646	$ -

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SUPPLEMENTARY SCHEDULES

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Schedule of Municipal Service District Taxes Receivable

Analysis of Municipal Service District Tax Levy

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	$ -	$ 9,518,045	$ (9,492,091)	$ 25,954
2019-2020	53,667	-	(38,105)	15,562
2018-2019	10,864	-	(3,635)	7,229
2017-2018	6,690	-	(2,222)	4,468
2016-2017	4,110	-	(1,713)	2,397
2015-2016	4,002	-	(1,705)	2,297
2014-2015	3,801	-	(1,556)	2,245
2013-2014	6,188	-	(658)	5,530
2012-2013	5,103	-	(654)	4,449
2011-2012	4,193	-	(591)	3,602
2010-2011	3,792	-	(2,973)	819
	$ 102,410	$ 9,518,045	$ (9,545,902)	$ 74,553

Reconcilement with revenues:

Ad Valorem taxes - general fund	$ 9,564,529
Reconciling items:	
Interest collected	(22,714)
Taxes written off or released	4,087
Subtotal	(18,627)
Total collections and credits	$ 9,545,902

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
Town-Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town-Wide			Total Levy	
	Property Valuation	Rate per $100 Valuation	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year rate	$ 2,937,678,138	0.3200	$ 9,415,614	$ 9,038,843	$ 376,771
Penalties	-		3,326	3,326	-
Total	2,937,678,138		9,418,940	9,042,169	376,771
Discoveries:					
Current year	36,819,334	0.3200	117,822	117,822	-
Abatements	(5,848,934)	0.3200	(18,717)	(16,548)	(2,168)
Total Property Valuation	$ 2,968,648,538				
Net levy			9,518,045	9,143,443	374,602
Uncollected taxes at June 30, 2021			(25,954)	(25,954)	-
Current year taxes collected			$ 9,492,091	$ 9,117,489	$ 374,602
Current levy collection percentage			99.73%	99.72%	100.00%

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF MUNICIPAL SERVICE DISTRICT TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021 MSD	$ -	$ 494,257	$ (493,586)	$ 671
2019-2020 MSD	1,756		(1,756)	-
2018-2019 MSD	828	-	(828)	-
2017-2018 MSD	827	-	(827)	-
2016-2017 MSD	828	-	(828)	-
2015-2016 MSD	827	-	(827)	-
	$ 5,066	$ 494,257	$ (498,652)	$ 671

Reconcilement with revenues:

Ad Valorem taxes - general fund	$ 498,205
Reconciling items:	
Interest collected	(2,296)
Taxes written off or released	2,743
Subtotal	447
Total collections and credits	$ 498,652

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
MUNICIPAL SERVICE DISTRICT LEVY
For the Fiscal Year Ended June 30, 2021

	Town-Wide			Total Levy	
	Property Valuation	Rate per $100 Valuation	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year rate	$ 207,131,928	0.2400	$ 497,193	$ 496,117	$ 1,076
Penalties	-		311	311	-
Total	207,131,928		497,504	496,428	1,076
Discoveries:					
Current year	-	0.2400	-	-	-
Abatements	(1,353,020)	0.2400	(3,247)	(3,247)	-
Total Property Valuation	$ 205,778,908				
Net levy			494,257	493,181	1,076
Uncollected taxes at June 30, 2021			(671)	(671)	-
Current year taxes collected			$ 493,586	$ 492,510	$ 1,076
Current levy collection percentage			99.86%	99.86%	100.00%

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STATISTICAL SECTION

This part of the Town of Kill Devil Hills comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents **Page**

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	$ 13,613,155	$ 14,170,973	$ 14,567,560	$ 15,440,923
Restricted	3,146,667	2,815,004	3,298,044	3,226,059
Unrestricted	4,950,167	4,813,121	4,822,194	5,528,334
Total governmental activites net assets	$ 21,709,989	$ 21,799,098	$ 22,687,798	$ 24,195,316
Business-type activities				
Net investment in capital assets	$ 12,191,326	$ 1,935,026	$ 1,149,215	$ 11,512,502
Unrestricted	4,361,826	4,640,001	5,431,172	5,856,966
Total business-type activites net assets	$ 16,553,152	$ 6,575,027	$ 6,580,387	$ 17,369,468
Primary government				
Net investment in capital assets	$ 25,804,481	$ 26,105,999	$ 25,986,775	$ 26,953,425
Restricted	3,146,667	2,815,004	3,298,044	3,226,059
Unrestricted	9,311,993	9,453,122	10,253,366	11,385,300
Total primary government activites net position	$ 38,263,141	$ 38,374,125	$ 39,538,185	$ 41,564,784

TABLE 1

	2016	2017	2018	2019	2020	2021
	$ 16,330,419	$ 18,305,271	$ 22,873,133	$ 24,623,812	$ 24,985,284	$ 26,206,869
	4,761,304	6,803,628	5,400,659	5,221,050	6,277,666	6,462,727
	6,646,476	6,006,515	4,610,656	4,895,344	2,426,895	3,980,136
	$ 27,738,199	$ 31,115,414	$ 32,884,448	$ 34,740,206	$ 33,689,845	$ 36,649,732
	$ 12,315,193	$ 12,593,967	$ 12,468,714	$ 13,219,145	$ 14,593,891	$ 15,516,079
	5,868,509	6,399,233	7,028,749	7,653,992	7,339,325	7,452,471
	$ 18,183,702	$ 18,993,200	$ 19,497,463	$ 20,873,137	$ 21,933,216	$ 22,968,550
	$ 28,645,612	$ 30,899,238	$ 35,341,847	$ 37,842,957	$ 39,579,175	$ 41,722,948
	4,761,304	6,803,628	5,400,659	5,221,050	6,277,666	6,462,727
	12,514,985	12,405,748	11,639,405	12,549,336	9,766,220	11,432,607
	$ 45,921,901	$ 50,108,614	$ 52,381,911	$ 55,613,343	$ 55,623,061	$ 59,618,282

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	$ 3,471,053	$ 3,910,816	$ 3,861,294	$ 3,782,202
Public safety	5,107,389	5,093,132	5,163,045	5,025,231
Transportation	692,140	717,977	810,639	1,025,237
Public works	193,384	272,516	293,137	278,640
Environmental protection	1,903,751	1,747,391	1,843,938	1,741,871
Interest on long-term debt	86,768	60,725	56,229	67,364
Total Governmental activites expenses	11,454,485	11,802,557	12,028,282	11,920,545
Business-type activities:				
Water Fund	3,100,546	3,106,836	3,303,040	3,124,575
Wastewater Fund	249,677	278,880	264,613	271,408
Total Business-type activites expenses	3,350,223	3,385,716	3,567,653	3,395,983
Total primary government activites expenses	$ 14,804,708	$ 15,188,273	$ 15,595,935	$ 15,316,528
Program revenues				
Governmental activities:				
Charges for services				
General government	$ 314,970	$ 315,442	$ 369,121	$ 319,112
Public safety	10,596	10,592	9,090	8,061
Transportation	-	-	-	-
Environmental protection	26,667	28,119	36,928	36,567
Operating grants and contributions				
General government	59,204	37,440	50,343	48,170
Public safety	202,930	35,414	27,181	15,101
Transportation	4,748	-	148,303	-
Environmental protection	232,989	-	-	-
Capital grants and contributions				
General Government	39,021	-	205,288	128,916
Public safety	-	-	-	-
Transportation	631,335	258,372	243,695	246,011
Total Governmental activites program revenues	1,522,460	685,379	1,089,949	801,938
Business-type activities				
Charges for services:				
Water Fund	3,065,654	3,082,265	3,293,340	3,399,553
Wastewater Fund	189,200	201,959	204,092	202,427
Operating grants and contributions				
Water Fund	59,204	-	-	-
Capital grants and contributions:				
Water Fund	148,000	166,000	217,000	271,000
Wastewater Fund	38,880	21,060	19,440	22,680
Total Business-type activites program revenues	3,441,734	3,471,284	3,733,872	3,895,660
Total primary government activites program revenues	$ 4,964,194	$ 4,156,663	$ 4,823,821	$ 4,697,598

2016	2017	2018	2019	2020	2021
$ 4,215,197	$ 4,295,980	$ 5,084,613	$ 6,487,420	$ 7,483,506	$ 7,182,255
5,367,196	5,563,249	5,750,230	6,020,479	6,398,627	7,043,759
1,090,516	1,244,348	1,317,258	1,557,859	1,594,774	1,735,100
295,855	353,600	362,927	345,423	360,238	407,423
1,944,282	2,137,778	2,167,078	2,372,400	2,438,992	2,738,733
112,604	196,681	190,857	257,907	315,068	274,957
13,025,650	13,791,636	14,872,963	17,041,488	18,591,205	19,382,227
3,087,792	3,155,456	3,332,754	3,437,230	3,632,777	4,156,206
268,324	261,108	272,205	265,718	267,655	271,283
3,356,116	3,416,564	3,604,959	3,702,948	3,900,432	4,427,489
$ 16,381,766	$ 17,208,200	$ 18,477,922	$ 20,744,436	$ 22,491,637	$ 23,809,716
$ 435,952	$ 491,739	$ 467,760	$ 542,280	$ 370,167	$ 458,630
9,736	15,311	16,598	18,084	13,891	15,203
-	-	-	-	-	-
53,850	61,749	43,054	59,424	71,453	82,886
		-	-	-	-
110,109	187,098	21,313	38,601	60,726	81,629
11,211	5,341	9,499	1,394	2,115	33,000
-	-	-	-	-	-
-	-	-	-	-	-
351,292	-	659,393	312,454	226,184	487,686
-	-	-	-	-	-
245,017	243,972	468,872	606,970	241,387	283,988
1,217,167	1,005,210	1,686,489	1,579,207	985,923	1,443,022
3,560,155	3,585,800	3,773,336	4,003,745	4,711,705	4,940,915
194,201	191,944	204,387	194,970	191,355	225,457
-	-	-	-	-	6,369
293,000	422,000	622,000	579,100	-	319,819
6,480	19,440	35,640	7,386	-	-
4,053,836	4,219,184	4,635,363	4,785,201	4,903,060	5,492,560
$ 5,271,003	$ 5,224,394	$ 6,321,852	$ 6,364,408	$ 5,888,983	$ 6,935,582

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2012	2013	2014	2015
Net (Expense)/Revenue				
Governmental activities	$ (9,932,025)	$ (11,117,178)	$ (10,938,333)	$ (11,118,607)
Business-type activities	91,511	85,568	166,219	499,677
Total primary government net expense	$ (9,840,514)	$ (11,031,610)	$ (10,772,114)	$ (10,618,930)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 5,866,037	$ 6,320,155	$ 6,556,573	$ 7,199,585
Sales taxes	1,656,724	1,743,941	1,916,998	1,964,298
Occupancy taxes	2,190,254	2,007,056	2,144,664	2,197,414
Other taxes	1,182,568	1,120,245	1,174,464	558,306
Grants and contributions not restricted	-	-	-	958,530
Net unrestricted investment earnings (loss)	164,897	(105,918)	208,674	202,338
Miscellaneous	50,088	120,808	166,276	245,847
Transfers	-	-	-	-
Total Governmental activities	11,110,568	11,206,287	12,167,649	13,326,318
Business-type activities				
Unrestricted investment earnings	65,368	(63,693)	109,141	112,894
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total Business-type activities	65,368	(63,693)	109,141	112,894
Total primary government	$ 11,175,936	$ 11,142,594	$ 11,142,594	$ 13,439,212
Change in Net Position				
Governmental activities	$ 1,178,543	$ 89,109	$ 1,229,316	$ 2,207,711
Prior period adjustment - Governmental activities	-	-	(340,616)	(700,193)
Business-type activities	156,879	21,875	275,360	612,571
Prior period adjustment - Business-type activities	-	-	-	(93,490)
Total primary government change in net position	$ 1,335,422	$ 110,984	$ 1,164,060	$ 2,026,599

2016	2017	2018	2019	2020	2021
$ (11,808,483)	$ (13,186,474)	$ (13,186,474)	$ (15,462,281)	$ (17,605,282)	$ (17,939,205)
697,720	1,030,404	1,030,404	1,082,253	1,002,628	1,065,071
$ (11,110,763)	$ (12,156,070)	$ (12,156,070)	$ (14,380,028)	$ (16,602,654)	$ (16,874,134)
$ 8,468,389	$ 8,545,173	$ 8,662,987	$ 8,859,629	$ 9,372,751	$ 10,029,663
2,249,479	2,673,222	2,780,962	2,742,660	2,764,840	3,615,726
2,352,908	2,682,850	2,924,648	2,901,475	2,740,880	4,228,903
592,072	1,844,516	2,705,427	724,494	725,152	1,644,312
1,081,808	1,077,009	1,076,406	1,099,660	1,080,755	1,033,498
241,678	30,562	101,208	643,345	406,517	(67,286)
354,713	218,861	499,392	346,776	273,568	414,276
-	-	375,334	-	-	-
15,341,047	17,072,193	19,126,364	17,318,039	17,364,463	20,899,092
116,514	6,880	30,792	293,421	182,118	(29,737)
-	-	-	-	-	-
-	-	-	-	-	-
116,514	6,880	30,792	293,421	182,118	(29,737)
$ 15,457,561	$ 17,079,073	$ 19,376,017	$ 17,611,460	$ 17,546,581	$ 20,869,355
$ 3,532,564	$ 3,532,564	$ 5,939,890	$ 1,855,758	$ (240,819)	$ 2,959,887
-	-	(4,170,856)	-	(809,542)	-
814,234	814,234	1,061,196	1,375,674	1,184,746	1,035,334
-	-	(556,933)	-	(124,667)	-
$ 4,346,798	$ 4,346,798	$ 2,273,297	$ 3,231,432	$ 9,718	$ 3,995,221

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
FUND BALANCES - GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2012	2013	2014	2015
General Fund				
Non-Spendable	$ 97,326	$ 108,285	$ 116,275	$ 124,969
Restricted	3,146,667	2,805,459	3,296,763	3,223,261
Assigned	346,027	251,499	320,156	44,756
Unassigned	5,569,637	5,690,541	6,062,140	7,772,394
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	$ 9,159,657	$ 8,855,784	$ 9,795,334	$ 11,165,380
All Other Governmental Funds				
Restricted	$ -	$ 9,545	$ 1,281	$ 2,798
Assigned	420,003	483,190	501,564	601,583
Reserved	-	-	-	-
Unreserved, reported in:				
Capital Reserve Fund	-	-	-	-
Capital Projects Funds	-	-	-	-
Total all other governmental funds	$ 420,003	$ 492,735	$ 502,845	$ 604,381

1. In July 2015, the Town created and taxed a municipal service district. Taxes are collected and funds are held for future beach nourishment.

2. The beach nourishment project was underway in the summer of 2017 and completed in June 2018.

TABLE 3

2016	2017	2018	2019	2016	2021
$ 141,784	$ 178,190	$ 147,216	$ 162,783	$ 141,784	$ 178,972
4,121,998	5,965,987	5,400,659	5,221,050	4,121,998	6,462,727
159,709	415,248	2,820,363	1,178,473	159,709	1,953,126
9,094,063	9,813,121	9,642,299	12,483,453	9,094,063	13,393,221
-	-	-	-	-	-
-	-	-	-	-	-
$ 13,517,554	$ 16,372,546	$ 18,010,537	$ 19,045,759	$ 13,517,554	$ 21,988,046
$ 639,306	$ 837,641	$ 104,402	$ 27,365	$ 639,306	$ 53,865
6,031,270	2,250,918	398,487	4,812,133	6,031,270	887,481
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 6,670,576	$ 3,088,559	$ 502,889	$ 4,839,498	$ 6,670,576	$ 941,346

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2012	2013	2014	2015
Revenues				
Ad valorem taxes	$ 5,804,840	$ 6,333,785	$ 6,571,750	$ 7,202,742
Other taxes and licenses	4,350,221	4,208,347	4,565,104	4,749,641
Unrestricted intergovernmental revenues	716,941	742,783	757,693	958,530
Restricted intergovernmental revenues	1,170,227	331,226	669,490	438,199
Permits and fees	277,115	235,394	287,690	289,289
Sales and services	37,503	38,871	46,098	44,828
Net investment earnings	164,897	(105,917)	208,673	202,338
Other revenues	98,348	107,708	157,634	128,639
Total revenues	12,620,092	11,892,197	13,264,132	14,014,206
Expenditures				
General government	3,159,504	3,111,261	3,751,197	3,851,383
Public safety	5,061,743	4,935,745	5,994,729	5,371,506
Transportation	1,327,782	1,718,457	1,418,280	1,375,385
Public works	207,068	262,303	288,160	295,786
Enviromental protection	2,171,804	1,555,505	2,203,769	1,615,425
Capital outlay	-	-	-	-
Debt service				
Principal	593,685	640,984	746,993	877,883
Interest	89,382	69,115	49,620	69,461
Total expenditures	12,610,968	12,293,370	14,452,748	13,456,829
Excess (deficiency) of revenues over expenditures	9,124	(401,173)	(1,188,616)	557,377
Other financing sources				
Installment purchase obligations issued	295,721	161,933	2,129,634	836,788
Sale of capital assets	10,487	8,100	8,642	77,417
Transfers from other funds	-	-	-	-
Total other financing sources	306,208	170,033	2,138,276	914,205
Net change in fund balances	$ 315,332	$ (231,140)	$ 949,660	$ 1,471,582
Debt service as a percentage of non-capital expenditures	6.16%	6.54%	7.00%	7.04%

TABLE 4

2016	2017	2018	2019	2020	2021
$ 8,486,724	$ 8,532,846	$ 8,662,987	$ 8,870,753	$ 9,351,102	$ 10,062,733
5,196,512	6,011,675	6,435,741	6,377,054	6,239,043	9,496,381
1,081,808	1,077,009	1,076,406	1,099,660	1,080,755	1,033,497
717,628	1,632,377	3,157,710	959,419	530,412	886,304
435,792	491,719	467,640	542,200	370,047	458,610
61,694	70,027	50,990	69,164	77,293	90,668
241,678	30,561	101,209	643,345	406,517	(67,286)
184,443	142,370	137,478	305,191	276,800	223,981
16,406,279	17,988,584	20,090,161	18,866,786	18,331,969	22,184,888
5,587,853	3,502,880	4,291,354	3,904,598	4,497,761	4,076,114
5,771,540	5,161,344	5,334,884	5,607,014	5,982,023	6,416,720
1,451,655	660,636	658,173	804,009	753,513	967,574
302,969	352,005	360,764	350,104	354,577	387,546
2,733,216	1,829,769	1,780,237	1,943,995	1,976,663	2,240,784
-	6,856,447	7,580,433	3,345,417	5,456,895	4,077,894
1,245,343	1,521,823	2,650,038	2,800,976	2,975,336	2,653,540
88,330	198,993	190,071	177,586	324,954	289,610
17,180,906	20,083,897	22,845,954	18,933,699	22,321,722	21,109,782
(774,627)	(2,095,313)	(2,755,793)	(66,913)	(3,989,753)	1,075,106
9,012,406	1,279,031	1,083,447	5,393,437	1,235,727	505,613
170,270	89,257	174,667	45,307	26,224	191,218
-	-	550,000	-	-	-
9,182,676	1,368,288	1,808,114	5,438,744	1,261,951	696,831
$ 8,408,049	$ (727,025)	$ (947,679)	$ 5,371,831	$ (2,727,802)	$ 1,771,937
7.76%	13.01%	18.60%	19.11%	19.57%	17.28%

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TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	$ 5,752,833	$ 5,691,025	98.93%	$ 58,094	$ 5,749,119	99.94%
2013	6,320,909	6,265,742	99.13%	50,529	6,316,271	99.93%
2014 [1]	6,552,229	6,502,619	99.24%	41,651	6,544,270	99.88%
2015	7,209,270	7,163,911	99.37%	41,878	7,205,789	99.95%
2016	7,600,204	7,566,290	99.55%	33,511	7,599,801	99.99%
2017	7,708,863	7,656,208	99.32%	50,338	7,706,546	99.97%
2018	7,823,759	7,787,631	99.54%	31,661	7,819,292	99.94%
2019	8,030,058	7,995,088	99.56%	26,628	8,021,716	99.90%
2020	8,506,598	8,452,932	99.37%	38,105	8,491,037	99.82%
2021 [1]	9,143,441	9,117,489	99.72%	[2]	9,117,489	99.72%

Source: Dare County Tax Department

[1] Revaluation of taxable property occured on January 1, 2014 and January 1, 2020.
Each year's tax levy is revised every year to reflect pick-ups and releases applicable to that year. Subsequent year's tax collections include subsequent collections of the original levy and collections of pick-ups and releases applicable to each particular year.

[2] Not applicable.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property [1]	Personal Property		Public Service Companies [2]
		Personal Property	Motor Vehicles	
2012	$ 2,555,767,547	$ 40,017,634	$ 54,191,162	$ 25,163,900
2013	2,564,450,614	40,111,904	57,085,957	27,464,935
2014	1,885,454,363	42,814,370	82,815,517	28,200,352
2015	1,904,314,924	44,425,564	78,866,092	27,603,170
2016	1,923,525,862	44,590,516	81,180,033	27,214,962
2017	1,948,950,823	46,719,533	79,421,174	27,283,854
2018	1,972,811,341	47,368,616	82,041,312	32,951,844
2019	2,005,846,399	52,700,325	87,344,332	47,737,572
2020	2,035,044,064	56,535,635	88,798,188	33,810,994
2021	2,756,789,808	63,019,562	112,362,129	36,477,039

Notes: The levy of property taxes each year is based on the assessed value of taxable property as of January 1, before the beginning of the fiscal year on July 1. Revaluation of real property, was completed on January 1, 2014 as well as January 1, 2020. The assessed values reported are those adjusted amounts reported as of June 30 for each particular year. Subsequent year changes to the levy are not reflected in this table.

Source: Dare County Tax Department
[1] Residential and commercial real property breakdowns are not available.
[2] Public service companies valuations are provided to the Town by the NC Department of Revenue.
[3] Tax rates are expressed in dollars of tax per $100 of assessed value.
[4] The estimated market value is calculated by dividing the assessed value by a sales-to-assessment ratio determined annually by the NC Department of Revenue. The ratio is based on samples of actual property sales which took place during the fiscal year.

These amounts include both real and personal property.

TABLE 6

	Total Taxable Assessed Value	Total Direct Tax Rate [3]	Sales to Assessment Ratio [4]		Estimated Actual Taxable Value
$	2,675,140,243	0.215	118.73%	$	2,253,129,153
	2,689,113,410	0.235	123.12%		2,184,140,197
	2,039,284,602	0.3209	93.80%		2,174,077,401
	2,055,209,750	0.3509	93.80%		2,191,055,171
	2,076,511,373	0.3809	95.17%		2,181,896,998
	2,102,375,384	0.3809	92.42%		2,274,805,652
	2,135,173,113	0.3809	90.27%		2,365,318,614
	2,193,628,628	0.3809	88.93%		2,466,691,362
	2,214,188,881	0.4000	83.49%		2,652,040,820
	2,968,648,538	0.3200	102.57%		2,894,265,905

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPERTY TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTAL JURISDICTIONS [1]
Last Ten Fiscal Years

Year Ended June 30,	Town of Kill Devil Hills [2] Town Wide	MSD [4]	County of Dare [3]
2012	0.215	-	0.28
2013	0.235	-	0.28
2014	0.3209	-	0.43
2015	0.3509	-	0.43
2016	0.3809	0.3300	0.43
2017	0.3809	0.3300	0.43
2018	0.3809	0.3300	0.47
2019	0.3809	0.3300	0.47
2020	0.4000	0.3300	0.47
2021	0.3200	0.2400	0.4005

[1] All tax rates are expressed in dollars of tax per $100 of assessed valuation.
[2] Town of Kill Devil Hills Tax and Finance Department.
[3] Dare County Tax Assessment Office.
[4] Municipal Service District in addition to the town wide rate

TABLE 8

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Taxpayer	June 30, 2021 Taxable Assessed Value	June 30, 2021 Rank	June 30, 2021 Percent of Total Assessed Valuation	June 30, 2012 Taxable Assessed Value	June 30, 2012 Rank	June 30, 2012 Percent of Total Assessed Valuation
Dominion NC Power	$ 31,734,630	1	1.11%	$ 18,195,216	3	0.69%
Outer Banks Beach Club	21,757,200	2	0.76%	25,887,000	1	0.99%
View, LLC	17,461,472	3	0.61%			
First Flight Hotel, LLC	17,425,900	4	0.61%			
Run Hill Apartments, LLC	14,466,300	5	0.51%			
O. W. L. Neal Partnership (Ramada Inn)	12,076,300	6	0.42%	13,143,500	5	0.50%
Morris Farm Assoc II, LLP	11,467,700	7	0.40%	12,017,600	6	0.46%
ON Trading Corp	10,337,700	8	0.36%			
Sea Ranch Resort, LLC	9,895,672	9	0.35%			
Newman, Brian K	8,661,084	10	0.30%	11,232,513	8	0.43%
Croatan Surf Club				23,614,200	2	0.90%
Dean, Clarence E Jr.				16,740,565	4	0.64%
Wilber Wright Associates, Inc				11,688,950	7	0.44%
Sutton Street Development (Comfort Inn)				10,415,500	9	0.40%
Osprey Management Group				9,990,000	10	0.37%
	$ 155,283,958		5.44%	$ 152,925,044		5.82%

Source: Dare County Tax Department

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Outstanding Debt			
	Governmental Activities		Business-type Activities	
Fiscal Year	Installment Financings	Capital Leases	Installment Note	Total Primary Government
2012	$ 1,911,120	$ 849,350	$ 50,365	$ 2,810,835
2013	1,663,851	617,568	47,822	2,329,241
2014	1,424,961	2,239,099	45,009	3,709,069
2015	1,186,071	2,436,894	42,196	3,665,161
2016	8,167,293	3,222,737	39,383	11,429,413
2017	7,774,252	3,372,984	36,570	11,183,806
2018	6,373,873	3,206,773	33,757	9,614,403
2019	12,173,105	-	30,944	12,204,049
2020	10,433,496	-	28,131	10,461,627
2021	8,285,569	-	25,318	8,310,887

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

[1] See Table 6 - Assessed value and estimated actual value of taxable property for estimated actual taxable property value.

[2] See Table 11 - Demographic and Economic Statistics for personal income and population data.

* Information Unavailable

Percent of Estimated Actual Taxable Property Value [1]			
Governmental Activities	Total	Per Capita [2]	Percent of Personal Income [2]
0.11%	0.11%	416	1.01%
0.08%	0.09%	339	0.80%
0.18%	0.18%	531	*
0.18%	0.18%	523	*
0.55%	0.55%	1,601	*
0.53%	0.53%	1,554	*
0.41%	0.41%	1,333	*
0.49%	0.50%	1,680	*
0.39%	0.39%	1,418	*
0.29%	0.29%	1,083	*

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

Governmental Unit		Debt Outstanding	Estimated Percentage Applicable [1]		Estimated Share of Overlapping Debt
Dare County	$	100,710,951	22.89%	$	23,051,958
Town of Kill Devil Hills direct debt					8,285,569
Total direct and overlapping debt				$	31,337,527

Sources: Assessed value data used to estimate applicable percentages and debt out standing data provided by Dare County.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Kill Devil Hills. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken in to account. However, this does not imply that every taxpayer is a resident, and therefore responsible for, repaying the debt of each overlapping government.

[1] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

	TOWN OF KILL DEVIL HILLS		DARE COUNTY		
Fiscal Year	Population [1]	Personal Income [5]	Per Capita Personal Income [4]	School Enrolment [3]	Unemployment Percentage Rate [2]
2012	6,750	$ 278,154,000	$ 41,208	4,930	8.7%
2013	6,880	291,994,080	42,441	4,982	7.7%
2014	6,985	309,631,080	44,328	4,978	4.7%
2015	7,010	340,700,020	48,602	5,008	5.5%
2016	7,137	351,482,976	49,248	5,029	7.3%
2017	7,195	384,320,925	53,415	5,166	6.7%
2018	7,212	406,136,568	56,314	5,151	5.9%
2019	7,266	419,161,008	57,688	5,233	5.0%
2020	7,378	*	*	5,367	8.2%
2021	7,674	*	*	5,131	6.9%

[1] North Carolina Demographer's Office.
[2] Employment Security Commission.
[3] Dare County Board of Education, as of the end of the school term.
[4] Bureau of Economic Analysis.
[5] Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.
* - Information unavailable

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TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PRINCIPAL EMPLOYERS,
Current Year and Nine Years Ago

	June 30, 2021			June 30, 2012		
Employers	Employees [1]	Rank	Percent of Total Town Employment	Employees [1]	Rank [2]	Percent of Total Town Employment
Dare County Schools	500 - 999	1	*	500 - 999	1	*
County of Dare	500 - 999	2	*	500 - 999	2	*
Food Lion	250 - 499	3	*	250 - 499	3	*
Harris Teeter Inc	100 - 249	4	*	100 - 249	5	*
Lowes Home Centers, Inc.	100 - 249	5	*	-	-	*
Sun Realty	100 - 249	6	*	100 - 249	8	*
Town of Kill Devil Hills	100 - 249	7	*	100 - 249	7	*
Publix	100 - 249	8	*	-	-	*
McDonald's	100 - 249	9	*	-	-	*
Data unavailable	*	10	*	-	-	*

[1] Employment data is only available in ranges from the North Carolina Employment Security Commission.
[2] Employment data is only available in rank 1-8 from the North Carolina Employment Security Commission.
* Information unavailable for the Town of Kill Devil Hills

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
FULL-TIME-EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
Last Ten Fiscal Years

	2012	2013	2014
Function/Program			
General government			
Administration	5	5	5
Finance and Tax	6 1/2	6 1/2	6 1/2
Management Information Services	1	1	1
Planning and Development	7	8	8
Building and Grounds	4 1/4	4 3/4	4 3/4
Public Safety			
Police	33	33	33
Animal Control	2	2	2
Fire	20	20	20 1/2
Ocean Rescue	25	25	24 1/2
Year-round	2	2	1 1/2
Seasonal Lifeguards	23	23	23
Transportation			
Streets	4	5	5
Public Works			
Fleet Maintenance	3 1/2	4 1/2	4 1/2
Enviromental Protectoin			
Solid Waste	11 3/4	11	11
Water			
Water Administration	6	6	6
Water Treatment Plant	4	4	4
Water System	4	4	4

Source: Town of Kill Devil Hills Finance Department
Note: This schedule represents number of positions authorized per the budget ordinance as of July 1 of each year. Vacant positions are included in the above numbers.

TABLE 13

2015	2016	2017	2018	2019	2020	2021
5	6	6	6	6	6	6
6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
1	1	1	1	1	1	1
8	7	7	7	7	7	7
4 3/4	4 3/4	4 3/4	4 3/4	5 1/4	5 1/4	5 1/4
33	33	33	33	33	33	33
2	2	2	2	2	2	2
20 1/2	20 1/2	20 1/2	20 1/2	20 1/2	20 1/2	20 1/2
24 1/2	26 1/2	26 1/2	26 1/2	26 1/2	27 1/2	27 1/2
1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
23	25	25	25	25	26	26
5	5 3/4	5 3/4	5 3/4	5 3/4	5 3/4	5 3/4
4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
11	10 3/4	10 3/4	10 3/4	10 3/4	11 3/4	11 3/4
6	6	6	6	6	6	6
4	4	4	4	4	4	4
4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years

	2012	2013	2014
Population	6,750	6,880	6,895
Police:			
Crime Activity: Reported			
Murder (includes attempts):	-	-	1
Rape (includes attempts):	5	7	6
Robbery (includes attempts):	8	6	4
Assaults (felonious & misdemeanor):	150	173	141
Burglary(breaking/entering-structures):	169	200	170
Larceny:	354	249	245
Auto Larceny:	12	18	13
Arson/unlawful burnings:	7	1	1
All other crimes (unspecified above):	1,267	1,302	1,009
Total Crime:	1,972	1,956	1,590
Traffic Activity:			
Traffic Accidents	412	399	405
Driving while impaired arrests	109	99	63
General traffic violations-citation	2,130	1,196	1,217
General traffic violations-warning	1,239	790	1,295
Parking violations-citation issued	105	125	92
Total Traffic	3,995	2,609	3,072
General Calls for Service:			
Police calls-emergency status, non-emergency, traffic control	15,790	13,827	15,622
Animal control calls	660		
Total General Calls for Service	16,450	13,827	15,622
Total all Police/Animal Control Activity	22,417	18,392	20,284
Fire:			
Number of volunteer firemen	35	25	21
Number of calls answered	1,399	1,648	1,366
Total dollar loss	$ 289,500	$ 2,457,400	$ 215,250

2015	2016	2017	2018	2019	2020	2021
7,010	7,137	7,195	7,212	7,266	7,378	7,674
1	2	-	-	-	-	-
9	11	6	2	6	4	5
3	1	2	1	2	3	-
142	168	198	147	164	161	171
138	186	148	318	115	71	77
228	303	285	358	268	173	141
9	10	10	16	3	8	14
4	1	1	-	1	1	-
1,103	772	849	651	763	710	982
1,637	1,454	1,499	1,493	1,322	1,131	1,390
401	434	395	476	465	403	451
92	66	69	47	58	66	147
1,621	1,172	1,215	986	1,255	895	1,104
2,197	1,862	1,921	2,130	2,030	1,360	2,083
109	112	164	160	250	213	79
4,420	3,646	3,764	3,799	4,058	2,937	3,864
23,775	20,785	20,025	21,179	19,711	17,379	20,032
23,775	20,785	20,025	21,179	19,711	17,379	20,032
29,832	25,885	25,288	26,471	25,091	21,447	25,286
24	19	22	24	24	25	23
1,428	1,350	1,598	1,591	1,610	1,545	1,723
$ 391,106	$ 177,500	$ 404,317	$ 220,685	$ 203,515	$ 913,500	$ 3,541,801

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years

	2012	2013	2014
Planning:			
Building permits:			
One and Two Family Dwellings	34	42	52
Residential multi-family	1	-	-
Government	-	-	-
Non-residential	2	-	1
Additions/remodel	382	372	336
Sign/banners	50	48	44
Electrical	94	68	46
Mechanical	269	212	230
Plumbing	20	18	4
Demolition	8	11	8
Fine	1	1	1
Re-inspection	-	-	1
Re-instatement fee	-	-	-
Number of CAMA permits issued	27	34	26
Number of land disturbance permits issued	6	2	9
Number of occupancy permits issued	37	39	56
Number of site plan reviews	55	81	85
Number of zoning amendments	5	6	2
Number of variance applications	1	7	8
Number of exempt plats issued	1	6	3
Field inspections:			
Number of code compliance	4,821	4,815	4,685
Number of zoning/planning	714	710	504
Total building permit fees	$ 234,887	$ 182,780	$ 215,565
Total site plan review fees	$ 8,365	$ 15,088	$ 24,086
Total occupancy permit fees	$ 1,850	$ 1,950	$ 2,850
Total CAMA permit fees	$ 4,190	$ 4,730	$ 4,285
Total construction valuation	$ 26,245,860	$ 22,776,186	$ 23,978,292

2015	2016	2017	2018	2019	2020	2021
60	64	68	81	66	65	83
1	-	1	3	5	1	2
-	2	-	7	-	2	-
1	1	3	1	2	-	2
338	375	348	366	372	428	424
51	38	37	40	30	37	31
66	49	44	70	103	102	79
276	294	315	342	317	276	324
9	27	4	11	17	37	10
13	12	18	7	11	14	5
3	4	7	9	6	9	5
-	1	1	1	-	11	8
-	-	-	-	5	14	16
23	24	28	20	22	17	21
1	3	12	12	5	22	18
49	70	73	76	69	78	81
81	107	101	109	113	92	123
3	2	4	3	4	-	2
1	2	1	2	1	1	3
4	7	5	7	5	7	6
4,602	4,780	5,418	4,676	4,106	4,574	4,661
606	1,503	2,435	2,177	1,836	1,852	1,654
$ 228,705	$ 300,369	$ 366,152	$ 417,614	$ 455,450	$ 343,149	$ 356,311
$ 15,442	$ 84,738	$ 68,757	$ 32,139	$ 78,714	$ 16,681	$ 88,383
$ 2,650	$ 3,600	$ 3,650	$ 3,800	$ 3,450	$ 3,900	$ 4,000
$ 3,700	$ 3,625	$ 3,470	$ 2,465	$ 2,880	$ 2,210	$ 2,610
$ 28,524,349	$ 30,600,902	$ 41,000,479	$ 45,136,707	$ 51,871,265	$ 37,486,354	$ 39,877,177

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years

	2012	2013	2014
Refuse collection:			
Refuse collection (tons)	8,957.32	8,947.44	8,929.10
Water:			
Number of new services	42	54	54
Number of new customers	283	290	266
Daily consumption (million gallons)	1.2	1.2	1.2
Maximum daily capacity of plant(million gallons)	7.4	7.4	7.4
Maximum contracted per day(million gallons)	3.0	3.0	3.0
Wastewater:			
Number of customers	195	198	203
Production (million gallons)	*	*	*
Maximum daily capacity of plant (million gallons)	*	*	*

* Information Unavailable
Source: Budget documents and individual Town departments.

2015	2016	2017	2018	2019	2020	2021
8,976.00	9,436.00	9,852.00	9,693.00	9,665.00	9,615.00	10,958.00
72	60	84	59	74	72	96
437	333	363	333	357	357	519
1.2	1.2	1.2	1.2	1.2	1.2	1.2
7.4	7.4	7.4	7.4	7.4	7.4	7.4
3.0	3.0	3.0	3.0	3.0	3.0	3.0
204	203	208	217	219	218	218
*	*	*	*	*	*	*
*	*	*	*	*	*	*

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2012	2013	2014
Police stations	1	1	1
Animal control facilities	1	1	1
Fire stations	1	1	1
Ocean rescue facilities	1	1	1
Refuse collection			
Collection trucks	12	12	12
Other public works			
Paved streets (miles)	59.17	59.4	59.17
Unpaved streets (miles)	3.18	3.18	3.18
Street lights	446	447	447
Parks and recreation			
Number of parks	5	5	5
Number of tennis courts	6	6	6
Number of bath houses	1	1	1
Number of piers			
Ocean (private)	1	1	1
Sound (public)	1	1	1
Number of ocean beach accesses			
Local (public)	10	10	10
Neighborhood (public)	18	18	18
Regional (public)	1	1	1
Number of sound accesses (public)	4	4	4
Bike path mileage	8.91	9.51	9.51
Water			
Plants	1	1	1
Water mains (miles)	79.7	79.7	79.7
Fire hydrants	653	596	591
Water storage capacity:			
Ground (million gallons)	1.2	1.2	1.2
Elevated (million gallons)	.450	.450	.450
Wastewater			
Mains (miles)	3.11	3.11	3.11

Source: Budget documents and individual Town departments.

TABLE 15

2015	2016	2017	2018	2019	2020	2021
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
12	14	14	14	14	14	14
59.17	59.17	59.17	59.81	60.17	60.17	60.24
3.18	3.18	3.18	3.18	3.18	3.18	3.15
447	436	436	436	436	436	436
5	5	5	5	5	5	5
6	6	6	6	6	6	6
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
10	10	10	10	10	10	10
18	18	18	18	18	18	18
1	1	1	1	1	1	1
4	4	4	4	4	4	4
9.51	9.51	9.51	10.57	10.83	11.18	11.18
1	1	1	1	1	1	1
79.7	79.78	79.72	80.19	80.58	80.58	80.58
591	624	626	631	635	636	637
1.2	1.2	1.2	1.2	1.2	1.2	1.2
.450	.450	.450	.450	.450	.65	.65
3.11	3.11	3.11	3.13	3.13	3.13	3.13

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The **Compliance Section** has been prepared in accordance with the Federal Single Audit Act of 1984, the Federal Single Audit Act Amendments of 1996, U.S. Office of Management and Budget Circular A-133, the Audit Manual for Governmental Auditors in North Carolina and North Carolina General Statute 159-34 which established audit requirements for local government units that receive Federal and State financial assistance.

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POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Honorable Mayor and Town Council
Kill Devil Hills, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kill Devil Hills, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Kill Devil Hills's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Kill Devil Hills's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Kill Devil Hills's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kill Devil Hills, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Potter & Company, P.A.

November 15, 2021
Kill Devil Hills, North Carolina

POTTER&COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditor's Report

To the Honorable Mayor and Town Council
Town of Kill Devil Hills, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Kill Devil Hills, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina,* issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2021. The Town of Kill Devil Hills's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Kill Devil Hills's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina,* and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Town of Kill Devil Hills's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Kill Devil Hills's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Kill Devil Hills complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2021.

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Report on Internal Control Over Compliance

Management of the Town of Kill Devil Hills is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Kill Devil Hills's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Potter & Company, P.A.

November 15, 2021
Kill Devil Hills, North Carolina

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements Audited were prepared in accordance to GAAP:	Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ yes __X__ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses.	____ yes __X__ none reported
Noncompliance material to financial statements noted.	____ yes __X__ no

State Awards

Internal control over major State Programs:

• Material weakness(es) identified?	____ yes __X__ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses.	____ yes __X__ no
Noncompliance material to State awards.	____ yes __X__ no

Type of auditors' report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act.	____ yes __X__ no

Identification of major State programs:

Program Name

Powell Bill
Beach Nourishment

Section II. Financial Statement Findings

None Reported

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2021

II. Financial Statement Findings

None reported

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2021

None

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2021

Grantor Agency/Major Subdivision Pass-through Grantor(s) Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
Federal Grants:				
U.S. Department of Justice				
Patrick Leahy Bullet-Proof Vest Partnership	16.607	N/A	$ 1,713	$ -
Passed through NC Department of Public Safety				
Byrne Justice Assistance Grant	16.738	2019-DJ-BX-0067	30,940	-
U.S Department of Treasury				
Coronavirus Aid, Relief and Economic Security Act	21.019	N/A	62,342	-
U.S. Department of Commerce				
Passed through NC Department of Environmental Quality				
Coastal Zone Management Adminitration Award	11.419	N/A	5,955	-
Total Assistance - Federal Programs			100,950	-
State Grants:				
N.C. Department of Transportation				
Powell Bill	N/A	DOT-4	-	235,776
Transportation Improvement Program	N/A	41162.2.1	-	319,819
Total N.C. Department of Transportation			-	555,595
N.C. Department of Environmental Quality				
Division of Water Quality - Shore Protection Project	N/A	N/A	-	329,321
Parks and Recreation Trust Fund (CAMA-PARTF)	N/A	N/A	-	15,940
Total N.C. Department of Environmental Quality			-	345,261
Total Assistance - State Programs			-	900,856
Total Federal and State awards			$ 100,950	$ 900,856

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Kill Devil Hills under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Kill Devil Hills, it is not intended to and does not present the financial position, changes in net position of cash flows of The Town of Kill Devil Hills.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Kill Devil Hills has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.